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No. 2280

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LATIN AMERICA REPORT

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YPF SUBMITS 4-YEAR REPORT TO MINISTRY OF ECONOMY

Buenos Aires LA NACION in Spanish 1 Mar 81 Sec 3 p 3

[Text] At the request of the Ministry of Economy, the Government Oil Deposits enterprise (YPF) prepared an account of the activity carried out during the period 1976-80. Recorded therein are the enterprise's main achievements in each of its principal areas.

Exploration

In discussing the tasks performed in the area of exploration, the document stresses that, "The intensive activity and the improved techniques used in the geophysical field, added to the implementation of new geological concepts, made it possible to heighten the success of the test wells which amounted to 40 percent in 1980, exceeding the average international rate."

It also noted that the increase in reserves is particularly significant with regard to natual gas, owing to the fields discovered in the Neuquen basin and the Paleozoic basin in the northwest.

Drilling

The report next cites information relating to the drilling activity per se. It points out that, as a result of the measures that have been adopted, the output from the drilling rigs has, since 1977, shown constant, sizable increases in efficiency. Thus, it explains subsequently, in October 1980 the historic record output from drilling was established, with 2,554 meters per rig and per month.

It adds, moreover, that private participation attained essential importance, because it made it possible for the total number of wells drilled in the country (both test and development) to increase after 1976, owing mainly to the increase in drilling carried out through exploration contracts. It gave as an example the fact that, in 1980, 955 wells were drilled, a figure representing 56 percent more than in 1976.

Production

In discussing oil production, the report stresses that, in 1980, an absolute record was made, because 28,170,375 cubic meters were extracted. Of this figure, 65 percent related to the development by administration, and the rest to that on the part of the contractor firms.

It also points out that crude production rose by 5 million cubic meters between 1976 and 1980; in other words, it increased at a rate exceeding a cumulative 5 percent per year.

It attributes the increased production to greater administrative efficiency, and the better production achieved by the private companies partially to the transfers of areas previously operated by YPF.

Finally, it emphasizes that the latter supplied the industry with capital and modern technology, something which helped to increase the productive output.

Industrialization

The report subsequently pauses to analyze matters relating to the industrialization of oil. It indicates that, as a result of an unstable state of maintenance, in 1976 the refineries were producing more heavy than light byproducts; something that was reversed as a result of technical and administrative streamlining.

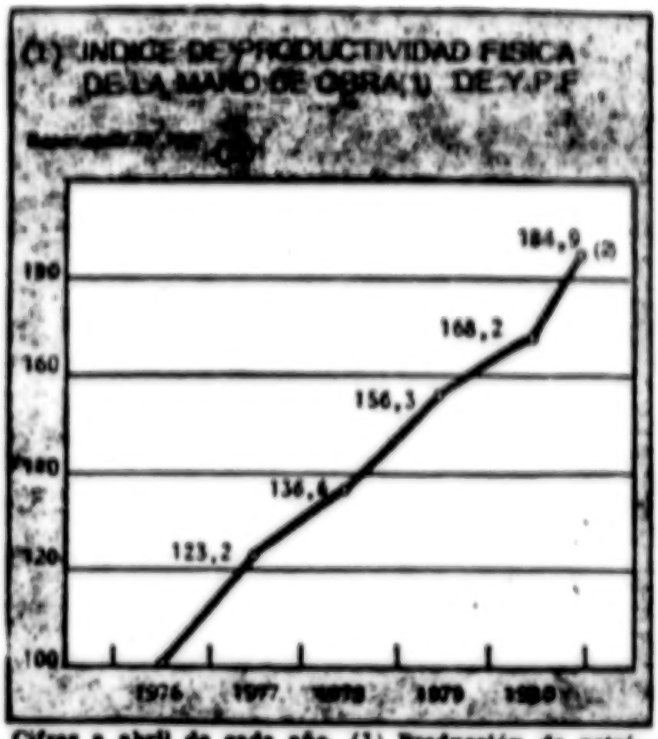
As a result, in 1980 records were set in the manufacture of aviation fuel (JP1), diesel fuel, intermediate distillates, cutting bases for lubricants, gasoline and Lab.

On the other hand, the diesel oil manufactured in 1980 represents the least amount obtained in comparison with the crude oil processed.

It is indicated that the change in the composition of the mixture in the preparation brought a profit of over 180 billion pesos to the company in 1980, at prices of December of that year.

Productivity

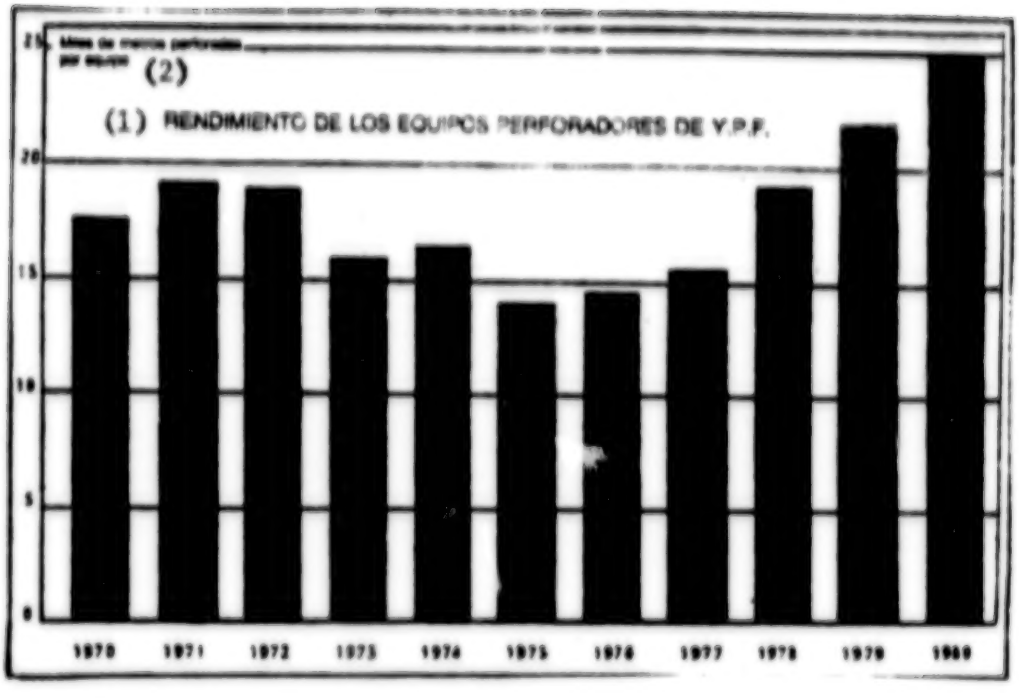
In citing the improvement in the productivity of the company's labor, it stresses the increase noted in the caloric equivalent of oil accrued from the company's total personnel. At the same time, it notes the increase in the number of specialized and technical personnel out of the total agents, and the reduction observed in the number of personnel.



(3) **Cifras a abril de cada año. (1) Producción de petróleo en áreas operadas por YPF más entregas de gas natural a Gas del Estado (en equivalente calórico de petróleo). Dotación total. (2) Cifra de diciembre de 1980**

Key:

1. Index of Physical Productivity of YPF Labor (1)
2. Base: April/76: 100
3. Figures for April of each year. (1) Oil production in areas operated by YPF, plus deliveries of natural gas to State Gas (in caloric equivalent of oil). Total personnel. (2) Figure for December 1980



Key:

1. Output From YPF Drilling Rigs
2. Thousands of meters drilled per rig

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CSO: 3010

SILENZI DEMANDS INVESTIGATION OF PRESENT OIL POLICY

Buenos Aires LA PRENSA in Spanish 1 Mar 81 Sec 3 p 1

[Text] Dr Adolfo Silenzi de Stagni called a press conference (he said) to reiterate the request for an investigation of the oil policy implemented by the present economic team during recent years. In this connection, he gave a reminder of the request that he had made to the Military Junta on 4 August 1980, and the demand with which the YPF [Government Oil Deposits] authorities responded. He said that, since over 6 months had elapsed without having received any judicial notification regarding the alleged charge, "it is reasonable to conclude that the demand in question had a merely intimidating purpose associated with publicity."

Before embarking on the subject, he also remarked that two new circumstances of unquestionable importance to the nation's future have occurred to prompt reiteration of his request for an investigation: the Pope's proposal for resolving the dispute with Chile, and the recent discovery of oil made by Shell off the Strait of Magellan, and its possible effect on the negotiations that are under way with the United Kingdom regarding the Malvinas Islands.

The Southern Marine Basin

The lengthy document submitted by Dr Silenzi de Stagni mentions the Argentine continental shelf, and maintains that the southern basin, both on Argentine and Chilean territory, including the Strait of Magellan and Isla Grande of Tierra del Fuego, has many oil and gas deposits in full production and development; and that "there is no risk whatever in the areas that YPF has conceded to various oil multinationals under the system of the so-called law on risk contracts, inasmuch as these areas are a continuation of producing fields on solid ground, in some instances with directional wells toward the sea drilled from the coast, all of which have proven productive."

'$2 Billion'

After other technical observations, he claims that Argentina has in the southern basin and that of the Malvinas a potential resource of 10 billion cubic meters of oil, representing a current value of $2 billion, a potential resource which, he said, "we have and, owing to the absence of risk, the present economic team is donating it to the oil multinationals on the condition that they turn over a small percentage to benefit a few national private oil companies."

Publication of Contracts

He adds: "It is presumed that all these associations fit into so-called 'general regulations for calling bids' that have been kept extremely confidential and have never been published. This way of handling public property and the national patrimony, in a discretionary manner and without any publicity, runs counter to basic standards associated with our republican system of government." Furthermore, he says, "There are clearcut moral disqualifications which have never been taken into account; because it is an objectively true fact that the high-ranking officials of the Secretariat of Energy and of YPF have been, until the day before their appointment to public office, closely linked with several of the aforementioned national oil companies."

The Ciclon Well

He later discloses that YPF, "besides having discovered oil (in the Ciclon well in the South Atlantic), and first concealed, later denied and finally minimized the importance of the fact that the first well drilled was a discovery well, it should be cited as an aggravating factor that the drilling was interrupted when the chronometer showed a lithological change of unquestionable significance for continuing the drilling."

He also claims that the first well drilled by the Shell company "was a real natural gas discovery well of commercial significance, showing an output of 533,700 cubic meters, with an orifice of 25.4 millimeters;" and that "the objective truth is that YPF has 'donated' to Shell (and Petrolar) an area that the state enterprise would have had to drill with its semisubmergible General Mosconi platform, instead of doing so on another, where the Ciclon well was located."

The Malvinas

He goes on to say: "The contract with Shell is closely related to the Foreign Office's proposal to postpone all claims to our sovereignty in the Malvinas, and to start negotiating a vast program for economic cooperation associated primarily with the development of oil in the Malvinas."

The Mosconi Platform

He continues: "In my note to the Military Junta requesting of it an investigation of the present oil policy, I said that YPF had turned over free of charge the semisubmergible General Mosconi platform, which represented an obvious violation of the terms of the law passed by this government on risk contracts (No 21,778, Article 2), dated 29 October 1980, that is, after the request for an investigation made of the Military Junta. YPF and Esso exchanged letters and, for the obvious purpose of eliminating the flaw of illegality that has been cited previously, Esso promised to pay rental of $32,000 per day to YPF for the use of the General Mosconi platform when it is used in the East 1 Tierra del Fuego area."

'The Cure Worse Than the Disease'

"However, rather than confirming a flaw of illegality, this letter (he provided a copy) reveals the way in which the authorities handle the company's assets and funds in a discretionary manner. In any event, as the saying goes: 'the cure is worse than the disease. UPF has leased the platform at a price 300 percent lower than the one prevailing on the international market (Ocean Oil Weekly Report of 12 January 1981). Thus, YPF is without the only platform with which it could operate in the sea, having turned it over free of charge to Esso; and when it is notified publicly that this decision violates the law on risk contracts, it attempts to set a rent for just one of the two areas awarded to Esso, at a price three times lower than the one prevailing on the international market."

'Draining' of YPF

In its final part, the document states, among other things:

"I repeat that the present oil policy is aimed chiefly at bringing about the draining of YPF. The external and internal financial debt is far more than the figure that I mentioned a few months ago. Today, YPF's debt exceeds $4.5 billion, and it is the only company in the world that is showing heavy losses. To destroy YPF means to destroy the country. We have sufficient oil reserves not only for supplying ourselves, a goal that could be attained in but a few months, but also for exporting in increased quantities. It is not the multinationals that should be exploring and developing the southern marine basin. For reasons of national defense and of an economic nature it should be the state enterprise that assumes this task. No huge amounts of capital are required, as has been claimed. Observe what Chile is doing in the Strait of Magellan with its state enterprise ENAP [National Petroleum Enterprise]. The so-called 'know-how' is no problem either. The technicians that are necessary could be hired in any part of the world.

"If YPF places an ad in any Dallas newspaper stating its intention of hiring 'tool pushers,' for example, it could be certain of receiving over 5,000 offers. To summarize, let the new authorities learn a lesson from what the state enterprise PEMEX [Mexican Petroleum]has done."

The Case of Chile

Attached to the document there is a page containing questions and their respective answers. One of them relates to the development of oil by Chile in the Strait of Magellan.

It reports: "In 1979, Chile started developing the underwater oil in the Strait of Magellan. This task was assigned to the state oil enterprise, ENAP. On 8 January of that year, the valves for the Ostion deposit were opened.

"ENAP has been working since 1976 on its offshore project and, with a leased drilling unit, the Nugget discovered many deposits in the Strait, besides Ostion, Spiteful, Posesion, Anguila, etc. At the present time, it is developing the Spiteful deposit, and the investments for drilling wells (nine producers out of a total of 12 drilled) for equipment, for oil and gas pipelines and for interconnections with solid ground, as well as for the purchase of barges and tugs, amount to a total of only $18 million. According to a report from two ENAP technicians, the production from those nine wells will represent income of $45 million for the state enterprise during the first year. This clearly indicates the high degree of income return from oil development, when it is carried out with a national spirit."

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CSO: 3010

SANTA CRUZ PROVINCE TO UNDERTAKE MAJOR HYDROELECTRIC PROJECT

Buenos Aires LA PRENSA in Spanish 27 Feb 81 p 12

[Text] One of the concerns of the government of Santa Cruz Province has been the study for the creation of the hydroelectric complex in the basin of the Santa Cruz River, with a great potential for supplying energy.

The conditions anticipated for this project reveal that the 788 MW which the new source will supply will increase the power already installed in the country by 10.5 percent; and, unlike the traditional models, will not resort to uneconomical, depletable materials, such as gas, coal and oil.

It is thought that the future project will lend the area new features, which will be marked by a drinking water supply for the urban and rural sections, river navigation and accessible transportation. At the same time, irrigation canals will open the Patagonian land for forestation and new crops, and will change the agricultural and livestock map of the region; and forage and artificial pastures will make it possible to increase the ovine and bovine livestock raising.

It is also pointed out that, when hundreds of thousands of hectares are gained for crops, the grain and fruit cultivation will diversify the province's production, and bring about the settlement of new populations. At the same time, woods and meadows will affect the climate, causing it to lose its severity. The imposing melting and breaking of the Perito Moreno glacial area (the technicians claimed) will not be merely a demonstration of the power of nature, but also a hydraulic force in the service of man.

Thus, the hydroelectric complex in the Santa Cruz River basin will achieve the combination of technology with the splendor of nature, respecting the latter.

The hydroenergy study carried out in the region made it possible to establish a simple hydrographic system consisting of Lakes Argentina and Viedma, and two watercourses: the Santa Cruz and La Leona Rivers. The latter, which joins both lakes, appears at the same time as an extension of the Santa Cruz River in its upper basin.

The progress of the Perito Moreno glacial area has caused the blockage of the southern section (Brazo Rico) of Lake Argentina, and its subsequent release, as a result of the collapse of the ice dam. This caused the violent outpouring of water that had been retained toward the main part of the lake, making a sudden variation in

the lake surface, and a resultant zone with maximum volumes of flow in the Santa Cruz River. In spite of the great length of the valley, only three sites offer immediate topographical features suited for the location of facilities for hydroelectric utilization. From upstream to downstream, they are:

The kilometer 397 section of the La Leona River.

The Condor Cliff passage between kilometers 250 and 257 of the Santa Cruz River, with narrower sections between both extremes, and the La Barrancosa site, at kilometer 185 of the Santa Cruz River.

The utilization has been devised for development based on those three phases. The order that has been established (according to the reports) will allow for an initial provision to supply the local market, until the operation of the national interconnected system, including an intermediate layout for a South Patagonian regional interconnection. The climatic features of the western lake region, the coastal strips and the river valleys are completely suited for the development of human activities; and, therefore, as has already been noted, there are favorable conditions for an increase in population.

The establishment of new settlers could be achieved directly by colonization, or indirectly through catalytic activities; and it should eliminate traditional geographic and weather preconceptions which have, up until now, been discouraging the movement to Patagonia.

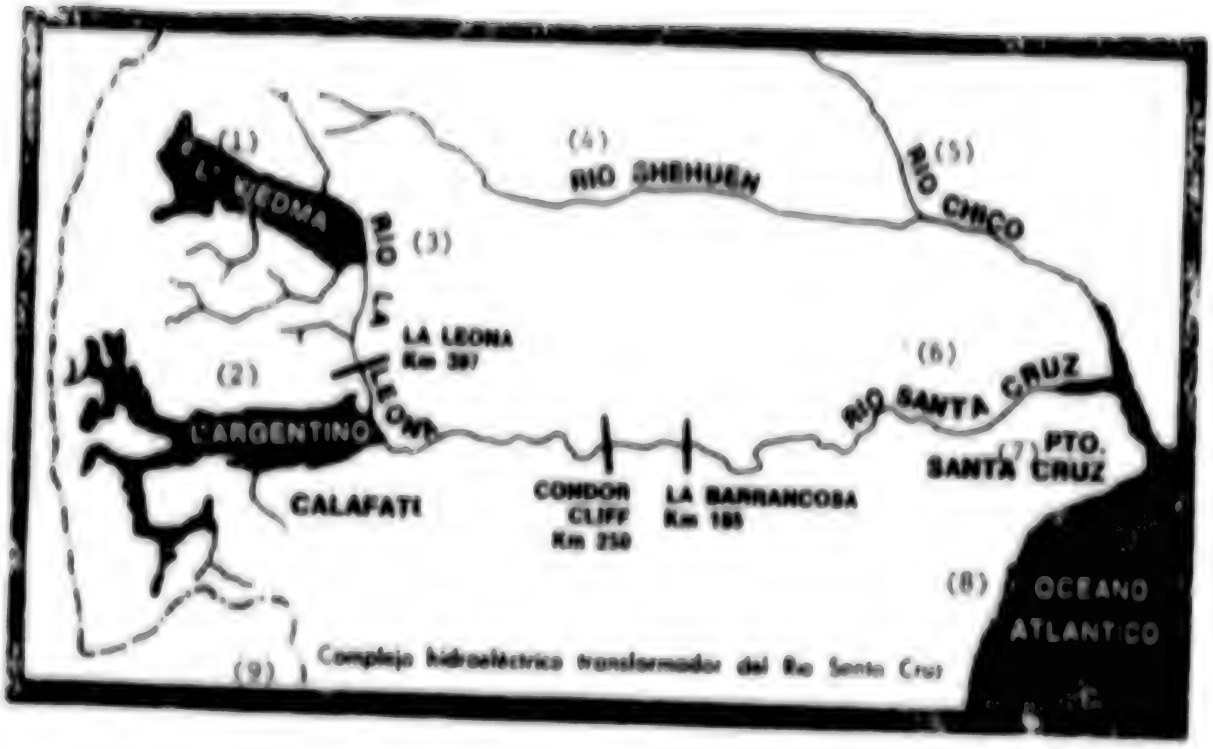
The Great Possibilities

It was stated: "The whole picture will change with the building of the Santa Cruz River hydroelectric complex. An agreement is now being studied for the building of an aluminum plant, which will be the second one in the country. Nonferrous metals, carbochemicals, phosphorated fertilizers, silicon carbide, ferrous alloys, particle board, calcium carbide, ingots in electric furnaces and steel casting will be the industries that could be established here at the least cost."

It was added that the Santa Cruz River, considered the fourth-ranking in the country in size, and at the same time marked by the purity of its water coming from the glacial areas, will also provide heavy water with abundant deuterium that is essential for atomic production.

In short, the prospect of being able to make major gradual use of the Santa Cruz River, comparable to the country's largest projects, exists as a challenge to the achieving destiny of Argentines. It should not be forgotten that, up until now, Santa Cruz, in the extreme southern part of Patagonia, has one of the smallest populations in the country, and maintains a modest economy based almost exclusively on the development of the coal in Rio Turbio, in the southwest, and the extraction of oil and gas in Caleta Olivia, in the northeast, as well as activities run by national government administrators and wool production in Carro Redondo, in the southeast.

In mining, there are potential prospects of resources that as yet have been revealed only partially. There are no major industries nor agricultural-livestock activities with the exception of ovine livestock raising.



Key:

1. Lake Viedma
2. Lake Argentina
3. La Leona River
4. Shehuen River
5. Chico River
6. Santa Cruz River
7. Point Santa Cruz
8. Atlantic Ocean
9. Santa Cruz River transformer hydroelectric complex

2909
CSO: 3010

SOLAR DESALINIZATION PILOT PLANT INSTALLED

Buenos Aires LA NACION in Spanish 3 Mar 81 p 12

[Text] In this partial view, one can observe the experimental desalinization plant that was opened recently in Cebollar, in La Rioja Province. It was built by the National Commission for Space Research. This innovative system, consisting of the application of modern space technology, is based on the use of that inexhaustible origin of resources: solar energy. It is one of the first test modules on a national scale, the behavior of which will allow for compatibility among criteria that will make the construction of new plants possible. The department of national sanitation, the Secretariat of Science and Technology and the government of La Rioja also collaborated in this effort. The solar plant will permit desalinization of water with a high saline content, through solar energy, making it fit for human consumption at a low cost and with a rational supply, so as to meet the vital needs of the populations which are affected. It is comprised of a set of evaporator-collectors, with an area of 100 square meters, which makes it possible to obtain distilled water, for subsequent mixing with water, making it fit for consumption in the locality of Cebollar.

2909
CSO: 3010

ELECTRICAL INDUSTRY PROJECTIONS FOR 1981-1985 REPORTED

Caracas RESUMEN in Spanish 22 Feb 81 pp 33-37

[Article: "The Electrical Industry in Venezuela"]

[Text] "The electrical energy subsector in Venezuela consists of two groups: one, the electrical industry, which provides the public electrical service and includes six state and seven private companies; and the other, the self-supplying group, comprised of a group of companies which have their own generating capacity, such as the oil companies, cement factories, the paper industry, sugar mills and others." This is explained in the preliminary version of the Sixth Development Plan of the Nation, 1981-85. "Between 1970 and 1979, the nominal installed capacity of the public service companies increased at a rate of 11.7 percent, rising from 2,622 MW in 1970 to 7,202 MW in 1979. Similarly, there was a high rate of increase in the energy generated during the same period, amounting to 12.6 percent." It observes: "It is noteworthy that the state electrical companies have increased their participation in the generating activity so much that, whereas in 1970 they accounted for 57.4 percent of the total volume generated in the country, in 1979 their contribution rose to 81.1 percent.

"When the changes in the nominal installed capacity and the generation according to type of source are analyzed, we find that the thermal capacity has declined, in terms of its participation, from 66.2 percent in 1970 to 56.3 percent in 1978; while the hydraulic capacity increased from 33.8 to 43.7 percent during those years. Also, the generation of electricity based on thermal sources dropped from 59.2 to 46.7 percent; and that of hydraulic origin rose from 40.8 to 53.3 percent, respectively.

"Insofar as consumption is concerned, excluding the self-supplied group, one observes an average interannual increase of 12.2 percent, rising from 8,504 billion KWH in 1970 to 23,936 billion KWH in 1979. Preeminent in this consumption is the industrial sector, followed by the residential and commercial sectors.

"The gross product of the electrical energy subsector, in real terms, increased at an average interannual rate of 10.8 percent during the period 1968-78, rising from 568 million to 1,590 billion bolivares, and contributing 1.3 and 2.2 percent to the formation of the gross national product for those years.

"With regard to employment, the electrical companies gave jobs to 16,885 persons in 1978, as compared with 8,796 in 1968. It should be pointed out that the personnel employed in construction work and the execution of projects are excluded from these figures.

"The isolated system consists of a group of systems which operate separately from the interconnected system, including those of Maracaibo and Coro-Punto Fijo.

"The areas of Guayana, Oriente, Caracas and Centro offer a strong, reliable interconnection, which makes it possible to use the Guayana reserves; whereas the interconnection between the central and western areas is extremely weak, including the Andes and Zulia areas.

"Generally speaking, it may be said that one of the most salient problems on the operational level is the high rate of unavailability of the equipment that exists in the electrical industry, especially that for generation. In recent years, it has stood at an average of 17 percent for the interconnected system. The reasons that have caused this rate of unavailability are varied, consisting primarily of the intensive use of the thermal units without receiving the proper maintenance, and the restrictions on the use of natural gas, which have forced the use of liquid fuels that increase the deterioration of the plants, as well as an increase in the periodic maintenance.

"With respect to the sector's institutional framework, there is a situation marked by the dispersion of effort, which impedes the orderly implementation of uniform criteria with which all those participating in the electrical area must necessarily and generally comply." It notes: "In view of the fact that such decisions are not required to be subject to the jurisdiction of entities of the national public administration, it has been decided to create a main office, responsible for carrying out the electrical policy, for seeing to compliance with the law, and for controlling and coordinating the activities of the various public enterprises in the sector." It adds: "An attempt is being made to have a planning entity that will make it possible to optimize the use of human and financial resources."

Prospects for the 5-Year Period 1981-85

The aforementioned preliminary version of the Sixth Development Plan of the Nation, 1981-85, continues as follows:

"The maximum demand estimated for the period 1980-85 will increase at an average interannual rate of 11 percent, rising from 5,782 MW in 1980 to 9,755 MW in 1985; while the generation of power will increase at a rate of 12.0 percent.

"To meet these requirements, the electric companies have established their respective equipment programs, wherein one notes a predominance of hydroelectric powerplants during the decade, despite the fact that, during the first years, the additional generating capacity will be thermal. Thus, the total consumption of fossil fuels, especially fuel-oil, will increase considerably up until 1982, as a result of the fact that units of the Center and Tacoa Plant currently under construction will be going into operation. Starting in 1983 or 1984, fuel-oil consumption will decline, with the entry of the new hydroelectric units of the Final Phase-Guri project into operation.

"As for natural gas consumption, it is estimated that there will be considerable increments, at least until 1982-83, especially if the lags in the Center Plant and Final Phase-Guri projects persist, or become greater. In this regard, it has been

determined that the first of these projects reveals an approximate lag of between 14 and 18 months, while the Guri project is 18 months behind schedule. In addition, the Uribante-Caparo development project is 2 years delayed in its first phase at the San Agaton Powerplant.

"Of these lags, the ones at the Center and Guri Plant are causing the greatest problems in the electric power supply, because they are key components in the present interconnected system, and because of their size.

"On the assumption that the Nos 3, 4 and 5 units of the Center Plant do not undergo any further lags, there would be a deficit of 300 MW in generating capacity during 1981, and there would be temporary interruptions in service in the areas supplied by the interconnected system.

"If the 13 and 14 units at Guri, for their part, go into operation with the aforementioned delay, if those of the Center Plant do so in accordance with the current program, and if the Tacoa 9 unit of the Caracas Electric Company goes into service in 1981, the deficit in generating capacity would be 300 MW for 1982 and 1983, with possible temporary interruptions in the electric power supply. Obviously, the situation would be all the more critical, the greater the lags in the aforementioned projects.

"In view of this situation, the electric companies have studied the alternative of incorporating turbogas units into the system, which would represent a short-term solution demanding volumes of gas and requiring additional investment, high operating costs and low efficiency.

"The decision to install gas turbines with a 300 MW capacity will require an approximate investment of 300 million bolivares in 1980, and will entail burning a total of 46.2 million barrels of equivalent oil, a figure that would rise to 105.6 million barrels if the delay at Guri lasts 24 months.

Objectives

Insofar as "objectives" are concerned, the aforementioned preliminary version of the Sixth Plan of the Nation adds: "In view of the demand for electricity that is foreseeable in the short and medium term, the financial requirements for the projects that are under way and those resulting from their delays, and the pressure that will be exerted on the use of gas as a fuel, the following are the main objectives of the electrical subsector for the next few years:

"To insure an electric power supply to the entire national territory, including the rural and underprivileged areas.

"To improve the quality and efficiency in rendering public electrical service.

"To attach priority to the current programs for taking stock of the hydroenergy resources, so as to achieve, within a short period of time, a first total evaluation of the resources that are technically and economically usable, including the utilization of small waterfalls.

"To make maximum use of our water resources to generate electricity, in order to reduce the use of nonrenewable energy resources and cause the least possible damage to the environment.

"To study the possible use of fuels from the new refineries and petroleum coke from the Orinoco Belt to generate electricity over the long term."

Strategies

"To attain the proposed objectives, the following strategic policies are stipulated for the next 5-year period:

"To meet the needs of the small and isolated localities, through small hydroenergy projects, wherever possible.

"To raise the capacity for interconnecting the national electrical system among the large generating centers.

"To improve the interconnection contracts among the nation's electrical companies.

"To reactivate generating units that could be recovered and are currently out of service.

"To improve the preventive and corrective maintenance programs for the thermal generating units, in order to allow for more and better utilization thereof.

"To replace obsolete equipment and processes with others that are more efficient."

Implementation Policy

With respect to implementation policy, the aforementioned preliminary version of the Sixth Plan of the Nation calls for the following:

"To back the Caroni Electric Company, so as to preclude additional lags in the Guri project.

"To speed up the administrative formalities and procedures with a view toward reducing the time required to put the Center Plant thermal units into service.

"To reinforce the managerial capacity of CADAFE [Electrical Administration and Development Corporation] required for the construction of its projects, through the incorporation of trained professionals and qualified technical consultants.

"To back the 'Enelven' project related to the construction of a carboelectric plant. Also, to explore the possibility of building new plants that would operate with coal, when reasons of a technical nature so advise; all as part of a rational technical and economic development of the coal mines and of the transportation of the ore in question.

"To guarantee the supply of petroleum byproducts and natural gas required for the additional generating facilities that will go into service starting in 1981, to solve the problems of deficits stemming from the lags in the major projects under

construction. In this regard, a close coordination will be established between the users, the electric companies, and the supplier, the oil industry.

"To insure the financing and distribution for which the companies in the electrical sector are responsible. A revision of the current electric rates will also be undertaken, inasmuch as these programs entail large investments and increasing operating costs that will also require contributions of capital and loans, that is, funds of the companies themselves.

"To design a price system for the electrical sector that will consider the rational use of the country's natural resources used for generating electricity, such as water, petroleum, gas and coal.

"To foster the creation of regional public service electric companies. In this respect, to speed up the process of negotiation for the transfer to 'Enelven' of the CADAFE facilities and equipment on the eastern shore of Lake Maracaibo, and to begin the studies to determine the objectives and goals of the regional companies in other parts of the country.

"To make the public aware of the need to change its consumption habits, and to encourage savings of electric power.

"To carry out an intensive human resources program, calling for:

"The establishment of, and backing for a professional management, in order to achieve continuity in the institutional management.

"The development of a suitable policy on personnel administration, with emphasis on the processes of selection and promotion, systems of compensation and the creation of incentives in general.

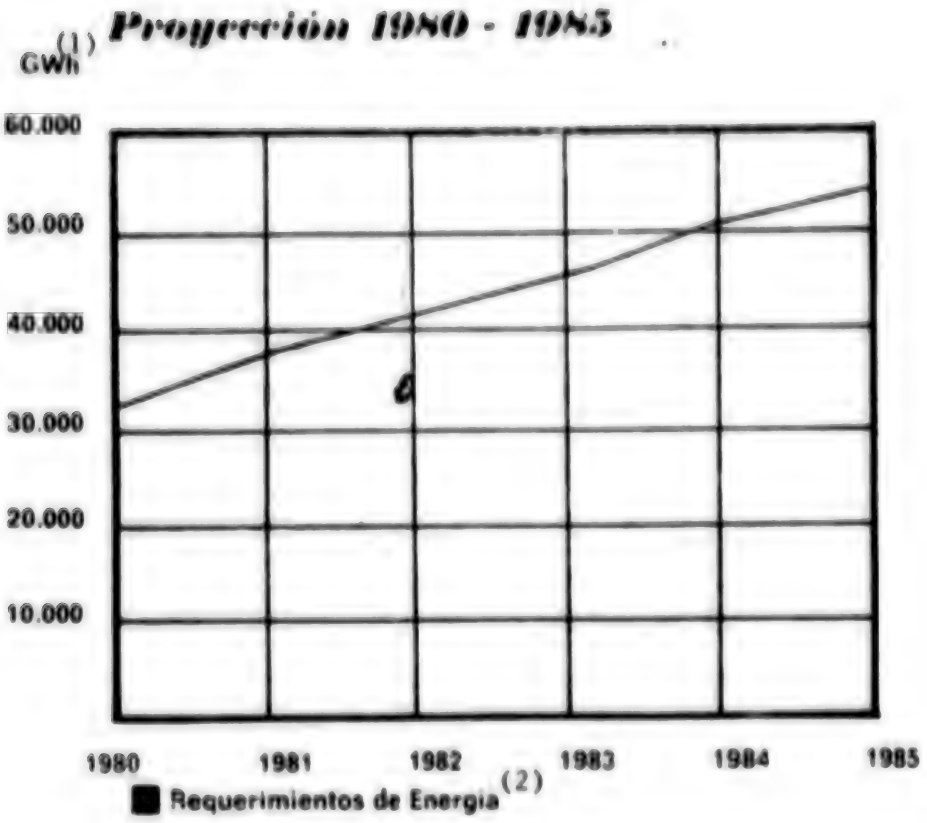
"To take immediate steps to establish the main offices for the electrical subsector, in order to incorporate the state companies into a single national system capable of insuring the implementation of the electric policy established by the executive branch, and to coordinate, supervise and control the activities of any kind carried out by its branches, for the purpose of insuring the provision of public electric power service throughout the entire country.

"To create the legal mechanisms that will make it possible to restructure the energy sector, and endow it with proper facilities for its development."

Investment Programs

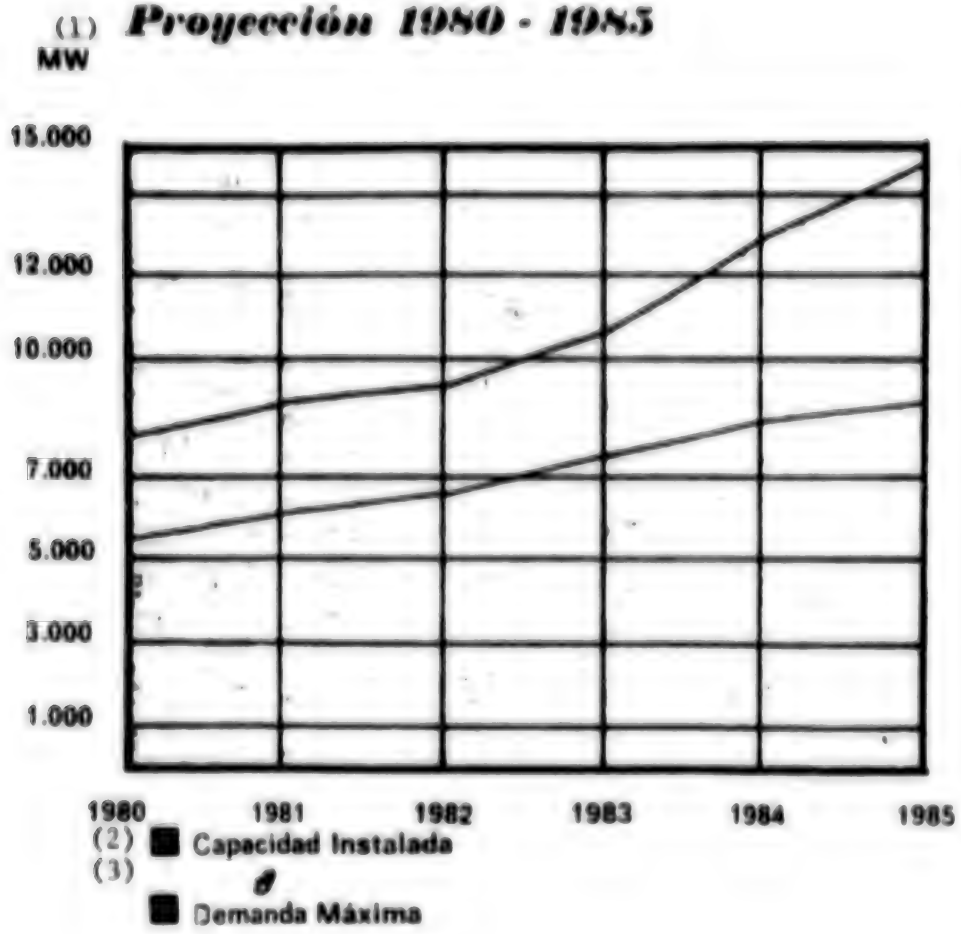
As for investment programs, the aforementioned preliminary version of the Sixth Plan of the Nation states: "The plan to equip the country's various electric companies calls for the installation of nearly 7,600 MW during the 5-year period 1981-85. Of that total, 39.5 percent relates to EDELCA [Caroni River Electrification Project]; 27.5 percent, to CADAFE; 7.3 percent, to 'Enelven'; and the rest, to the Caracas Electric Company.

"The expansion plans stipulated for the state companies (it notes) call for funds and financing totaling 82.9521 billion bolivares, at 1979 constant prices. It is estimated that the foreign currency requirements will amount to about 40 percent of the total investment."



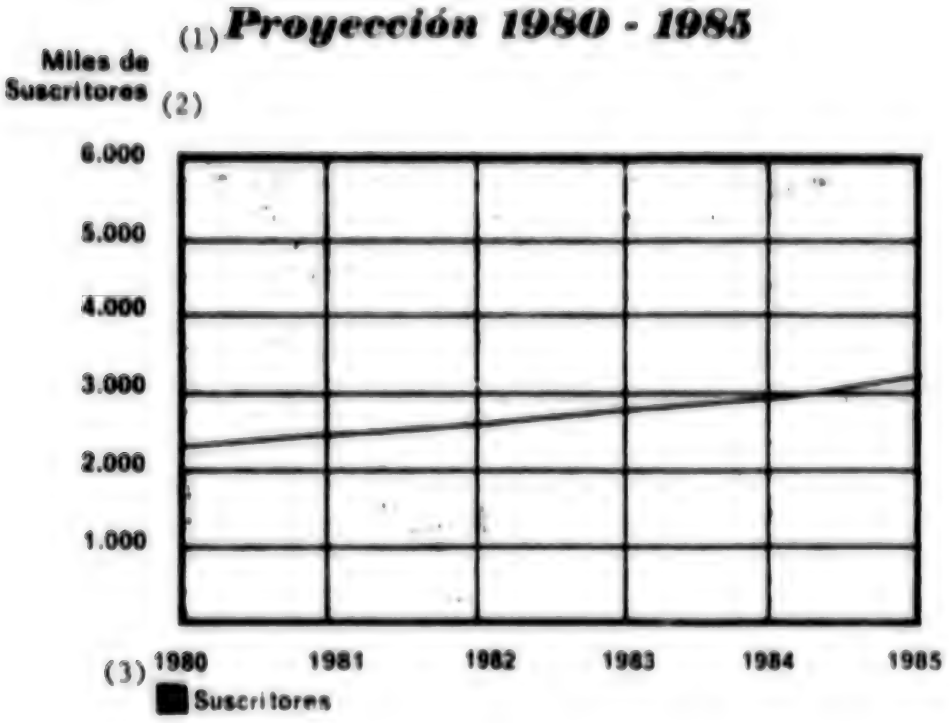
Key:

1. 1980-1985 Projection
2. Energy Requirements



Key:

1. 1980-1985 Projection
2. Installed Capacity
3. Maximum Demand



Key:

1. 1980-1985 Projection
2. Thousands of subscribers
3. Subscribers

2909
CSO: 3010

URUGUAYAN TRADE DEFICIT OF $33 MILLION WITH ARGENTINA IN 1980

Montevideo EL DIA in Spanish 24 Feb 81 p 5

[Text] While Argentina's exports to Uruguay totaled $151 million from January to November 1980, Uruguay exported $118 million worth of goods to Argentina during the same period. The trade balance was thus $33 million in Argentina's favor.

This information was furnished to E DIA by the Embassy of the Argentine Republic in our country.

However, while Uruguay's exports to Argentina have increased over the past 2 years, Argentina's exports to our country have fallen off during this period. Uruguay's exports to Argentina totaled $40 million in 1978 and $97 million in 1979, rising to a record figure last year.

Imports of Argentine goods totaled $197 million in 1979, with the 1980 figure down by almost 25 percent.

The sources explained that the deficit was to be expected for our country because it is a developing nation that has to import what it cannot produce. We buy from Argentina, they said, because the prices and freight charges are right, shipments are made quickly and direct contacts are established with the sellers.

We should point out that under the Argentine-Uruguayan Economic Cooperation Agreement, our country has quintupled its duty-free exports to Argentina over the past 2 years, as they hit $89 million in 1980. We imported $7 million worth of goods from Argentina under the agreement, which provides for up to $31 million in duty-free Uruguayan purchases in 1981. The wide gap between Uruguay's purchases and sales under the agreement is due to the fact that it took effect 3 years earlier for our country.

Free Trade Zone

The respective Economies Ministries are still analyzing the planned free trade zone between the two countries, and a meeting is scheduled for this March.

According to the information provided, the free trade zone will begin operating this year.

The zone, which will be established within the framework of the Latin American Integration Association, will expand the two countries' consumer market to about 31 million, as Argentina has a population of 28 million and Uruguay, almost 3 million.

Separately, we were told that Uruguay's main exports to Argentina are foodstuffs, chemicals, leather woods, lumber, paper, cardboard, metals, textiles, electrical equipment, etc.

8743
CSO: 3010

URUGUAYAN TEXTILE LEADER SUPPORTS FREE TRADE ZONE WITH ARGENTINA

Montevideo LA MANANA in Spanish 13 Feb 81 p 10

[Interview with Dr Diego de Posadas, president of the Association of Textile Industries of Uruguay; date and place not given]

[Text] The president of the Association of Textile Industries of Uruguay, Dr Diego de Posadas, feels that the idea of a free trade zone with Argentina, which our authorities are studying, is a good one. He asserts that its success or failure could give rise to the conditions that would determine whether our marketplace prospers or shrinks. He made these comments in an interview with the magazine INDUMENTARIA.

Question: Under what conditions would domestic industry benefit from the establishment of a free trade zone with Argentina?

Answer: The Integration Agreement to be entered into with Argentina (initially there was talk of a customs union, then of a free trade zone, and now the description has been changed to an economic complementarity agreement) could be beneficial under certain conditions.

One basic condition for it to be really beneficial is that it acknowledge that the potential of Uruguayan industry is not the same as the Argentine industry's. This is a fact. You cannot put an industry aimed at a market of 27 million people on the same footing with a domestic industry geared towards the small Uruguayan market. Therefore, there must be differential treatment. That would be a first basic condition. The association has already issued a statement in this regard and feels that the textile industry specifically needs a 5 or 6 year head start before it can compete with Argentina.

The textile industry that manufactures a distinctly domestic raw material, wool, would not need so pronounced a differential treatment.

As it has been worked out, the agreement with Argentina is product against product, in other words, every product on the lists has an arrow going the opposite way, with a separate form of differential treatment. This is a very important point, and from the beginning the two governments have been in full

agreement that it was going to be product against product. There might be residual arrangements in Uruguay's favor, but in principle its advantage would be its head start.

Another very important point has to do with the rules of origin, in other words, the origin of the raw materials and intermediate products that are going to go into the end product traded between the two countries.

Logically, Argentina has more raw materials and intermediate goods than Uruguay. Therefore, Uruguay has to have special treatment in this regard also and must be very careful as to how it is negotiated. In this connection, in drawing up the LAIA [Latin American Integration Association] Montevideo Treaty, the Uruguayan delegation underscored this aspect of rules of origin and eventually got a clause into the treaty that stipulates that as far as rules of origin are concerned, supply, pricing and quality conditions must always be respected. In other words, our agreement with Argentina would have to respect, first of all, the guarantee that is provided for in the Montevideo Treaty and that is fundamental for domestic industry.

These conditions of origin will have to be tailored to each industrial sector. The association has taken its stand in this regard as to what rules of origin are most desirable for the textile industry.

Another necessary condition is policy coordination between the two countries, basically tax policy, incentives, etc., so that they are not different.

Question: Under what conditions would the free trade zone be harmful?

Answer: If we negotiate as equals with Argentina, there would be an invasion of Uruguay by Argentine industry because of its greater potential. Any Argentine industry that put in an extra 20 minutes a day would be able to supply the Uruguayan market.

Conditions would also be adverse if our currencies were out of balance, if currency instability were to return, although there would be saving clauses in this case.

Question: What about a common exchange rate?

Answer: No, that is much more complex. When imbalances like that occur, it would be better to shut off the flow of trade until they are leveled out.

Question: With specific regard to the textile and garment industry, what system would be most desirable in a free trade zone?

Answer: That is a very debatable issue; it depends on whether you are thinking about the short or long term.

For example, our association and our chamber, as well as others, think that it would be a better idea to continue with the trade agreements of the type currently in effect with Argentina (CAUCE), which has a quite different philosophy.

It does not entail negotiating product versus product; rather, Argentina offers to lift restrictions on one item and Uruguay on another. In addition, all of the products included in the CAUCE negotiations are subject to quotas, and under this agreement they are not. The CAUCE system is working relatively well.

Perhaps it would be more advantageous for the textile industry in general to enter into an agreement of the free trade zone variety, as long as it was under the aforementioned conditions and with a saving clause to correct any imbalance in the flow of trade, to keep trade balanced.

It would have to be implemented very carefully after much study, even so that there would not be customs problems, as are currently arising under CAUCE.

When all is said and done, a free trade zone with Argentina would be more desirable, but we would have to see to it that these conditions are met and that there would be bodies under the agreement that would have sufficient independence and authority to enforce its terms.

Question: Would a free trade zone with a country other than Argentina be possible? With Brazil, for example?

Answer: A series of conditions of a different nature have to be present for an agreement like that to exist. In the first place, there have to be common needs or common interests to undertake integration.

Secondly, the geographical conditions have to be right, of course, and there have to be appropriate communications and transportation links. To a certain extent, the countries also have to have similar economic approaches or policies.

Based on all these factors, I do not see any possibility of such a pact with Brazil. If we look at different factors, a free trade zone with Brazil would be highly appealing, because Brazilian and Uruguayan products are complementary. Most of what Uruguay produces is different from what Brazil produces, and vice versa. Our goods and Argentina's goods are similar, in contrast. In this sense, there could be a pact with Brazil, but for the moment I do not see one as feasible.

What I think is more possible and, in fact, necessary, are agreements not only with Argentina but with the other countries of the Southern Cone (Chile, Paraguay and possibly Bolivia if it withdraws from the Andean Pact). However, there is a serious communications problem. It would be a good idea to have this pact from the very beginning with the other countries that I mentioned, in addition to Argentina. This would lend it greater stability; there would be less chance of violations, etc because more parties would be involved, and not just as witnesses; rather, there would be agencies that would have more of a presence simply because they were multilateral.

Question: In general terms, would a customs union be more viable than a free trade zone?

Answer: As things now stand, a free trade zone is more viable than a customs union, which entails a greater commitment to integration plans.

Under the present circumstances, a free trade zone is more viable and advantageous, at least as a first stage, because there are more requirements and conditions for a customs union, basically greater policy coordination, since it first of all demands a common tariff vis-a-vis third countries; this is a bigger commitment and, therefore, harder to put into practice. The best idea is to begin with the least ambitious arrangement and then move on to bigger programs. Integration would be beneficial from the standpoint of the textile industry and even from the standpoint of the country in general.

The agreement with Argentina is one aspect as far as industry is concerned. There are others to be kept in mind, and not just political factors but things like complementarity of infrastructures, etc. But we must bear in mind, and this is very important (and I am making this qualification precisely for the textile industry), that restrictions on world trade are becoming increasingly rigid and frequent. The Uruguayan textile industry can see new threats every day in this connection, as our main buyer markets set quotas, restrictions, compensatory duties. Whenever the Uruguayan textile industry becomes relatively important in a market, the suggestion that it has penetrated too much is enough for a protectionist barrier to be erected immediately. We have seen this in the United States, Canada and various EEC countries, and we have recently been receiving cables from Germany to the effect that its industry is mobilizing in this direction.

I see this kind of an agreement as a two-pronged way to expand our markets. On the one hand, it expands the domestic market through the Argentine market and those of other Southern Cone countries, and on the other, we gain the advantage of enhancing our bargaining power, which is of decisive importance for a small country like Uruguay.

I am very optimistic about this integration agreement with Argentina if it is worked out properly, as I have mentioned, and if the identity of each party is respected. Uruguay has to realize that its thinking can no longer be the same as it has been, with an outlook limited to our borders, and that we have to shift our sights somewhat towards Latin America and the world.

8743
CSO: 3010

BRIEFS

VENEZUELA IMPORTS BRAZILIAN SUGAR--Valera, 22 Feb--This year Venezuela plans to import about 350,000 tons of sugar from Brazil, said Dr Rafael Heredia Pena, president of the National Association of Sugarcane Producers, a member of the board of directors of FEDECAMARAS [Association of the Chambers of Commerce and Industry], and the representative of Trujillo state in the Chamber of Deputies. The parliamentarian was a member of the group that accompanied the president, Dr Luis Herrera Campins, in his administrative trip through Trujillo state, where he attended the opening ceremonies of some projects of community interest. The business leader said that this step was caused by "Venezuela's low production in this sector." Because of this, "the economic cabinet has agreed to initiate negotiations." When the deputy Heredia was asked why sugar is being imported from Brazil and not from the Dominican Republic, he replied that "Brazil is offering us better terms." It was reported that the economic cabinet has allocated 400 million bolivars for this sugar purchase. [Text] [Caracas EL NACIONAL in Spanish 23 Feb 81 p D-9] 7679

CSO: 3010

SCHENFELD CALLS FOR U.S. ACTION IN CONTAINING SOVIET EXPANSIONISM

Buenos Aires LA PRENSA in Spanish 28 Feb 81 p 7

[Article by Manfred Schonfeld: "The Western Hemisphere Position of the New U.S. Government Should Be Defined Without Delay"]

[Text] An old adage says that no one can leap over his own shadow. Currently this could be applied to the United States, seen as a nation, and setting aside the fact that it is now under a new government and that it has--it is presumed, hoped or feared, depending on the position of each respective viewer--an ideology and inclination diametrically opposed to those which prevailed little more than a month ago.

The truth is that the fact that this government was elected with substantial majority support by the citizenry of the country in itself can only be interpreted as an indication that nation wanted some kind of change, perhaps even a rather radical one. Even so, what kind of change and to what point? And what is more, what sacrifices is this majority of American citizens prepared to make in order to support its presumed desire for change, if necessary?

Would it be prepared, for example, to accept the need for the mobilization of the Green Berets once again in order to halt the advance of communism by means of their intervention, if not necessarily everywhere in the world, at least in the Western Hemisphere? Or was Ronald Reagan elected with the silent hope that he and his Republican advisors can achieve this goal without the need for recourse to such drastic measures? It is a little early yet for us to offer an opinion in this regard.

However, we have already begun to hear again one of the many concealed references to the "trauma of Vietnam" (or is it the "shock" or the memory or the scars or something of that sort?) to explain why the still brand new government in Washington does not intend to intervene directly in view of the more than obvious blow the Moscow-Havana-Managua axis is dealing El Salvador. And when we hear this, we naturally remember that no one--including the U.S. nation, whoever may be governing it--can leap over his own shadow. We also associate it with the comic statement by Wamba, the buffoon in Ivanhoe, who said that Prince Athelstan was "a fighting cock who simply does not want to fight." Let us say in passing that these associations of ideas can lead us very far along these lines, but we prefer to limit the present commentary to international political considerations, and to avoid, for the time being, the closest stormy political waters.

Risk of an Erroneous Concept

We believe that world opinion should not plunge too hastily into the concept that a radical change in the White House and the State Department will lead in equally radical fashion to a real change--not just one of gestures or words--in the policy designed to contain the Soviet-communist advance on the continent.

In this respect it should not be forgotten that it was under a republican administration--more precisely under two, that of Eisenhower, first, and more particularly that of Nixon, later--that the attitude of avoiding excessive concern with Latin America, adopting toward it the so-called "low profile" policy, that is letting things on the subcontinent run their course--supposedly naturally, without much fuss about them, developed. This proved to be a very serious error, because the course in question, whether natural or not, led to all kinds of political and social cataclysms, incubating since those days, and now constituting the breach in which the Moscow-Havana-Managua axis mentioned above is wedging its foot ever more firmly. We do not of course want thereby to reduce in the least the direct responsibility of Carter's democratic administration for the fact that this axis has added to itself its most recent link, Nicaragua, where the Sandinists have won power.

This was a double responsibility: First of all, because after the violent disappearance of Pedro Joaquin Chamorro--the staunch defender both of democracy and against totalitarianism in Nicaragua--no immediate steps were taken in Washington to cut down the dynastic regime of the Somozas before the anti-Somoza rebellion was taken over by the communists; and secondly, because once this latter development was in the process of happening, it was not prevented, as it could have been by force.

What Will Reagan Do Against Soviet Intervention?

Now in the new Reagan era, the United States government is letting the world know that there is clear Soviet intervention in El Salvador. There is not even talk of Cuban intervention, although this would be practically the same thing, but of intervention by Moscow.

The fact is, then, nothing more nor less than without a breathing space to contemplate it, the time has come for Reagan to act. This is a case which is in no way different basically from the so-called "missile crisis" in the Kennedy era.

The American people should understand that a launching pad for ballistic missiles is no greater danger than the establishment of another communist regime under their very noses. Reagan must define himself, declaring a blockade, which he has thus far only threatened to do, without delay. And his country must attempt to leap over its own shadow, which is in fact not its own, but that of Vietnam.

5157
CSO: 3010

PAPER WANTS PUBLIC INFORMED OF DETAILS ON WALTERS' VISIT

Buenos Aires LA PRENSA in Spanish 27 Feb 81 p 8

[Editorial: "Of Interest to All"]

[Text] The statements made by Gen Vernon Walters, the special envoy of U.S. Secretary of State Alexander Haig, following his meeting with the president of the nation, Lt Gen Videla, in his office at Government house, are public knowledge. Frankly and cordially and within the framework of caution imposed by diplomatic courtesy, the visitor explained to journalists the reasons for his visit to our country, and told journalists of the main subject he set forth to the chief executive. He said he had come to discuss the intervention by countries from other continents in the struggle being waged in El Salvador, and to turn over to the Argentine Government some documents, for such use as it deemed suitable, containing information gathered on "intentions, the acquisition of weapons from countries on other continents, as well as some in the Western Hemisphere, which are supplying the rebels in El Salvador." But, he stressed, he did not come to ask for anything, but rather to provide information and exchange views on this matter.

Gen Walters did not conceal his readiness to answer the questions posed to him by representatives of the press, an opportunity he took to make it clear that during the interview there had been no reference to the possibility of a naval blockade by the United States in the Nicaraguan and Salvadoran zones affected by the guerrilla activity, nor other contemporary problems either, such as human rights or the Argentine-Chilean conflict in the southern zone. Finally, he said that it would not be appropriate for him to discuss the response he received from Lt Gen Videla in the course of their talks.

From the statements mentioned it becomes very clear that the representative of the U.S. State Department traveled to Buenos Aires on an information mission related in particular to the events developing in El Salvador, in which, as he said, the interference of countries from other continents and the participation of other American ones in the activities of supplying the insurgents in rebellion against the authorities in their country can be seen. But this information which Gen Walters provided, with the limitations imposed by his status as a visitor, would be incomplet if it were not reiterated and expanded by the national government to the necessary extent, without prejudice to the timely consideration of the attitudes resulting fro the situation set forth.

both for reasons of American brotherhood which transcend this visit and because of the nature of the matters with which it deals, the message for which Gen Walters was the spokesman is of interest to the Argentine Government and people. The simple presumption that a country on another continent is seeking to interfere in the internal affairs of an American nation would suffice to provoke the manifestation open and categorical rejection by the peoples and the governments. But the fact here that the revelations to which the North American emissary referred exceed the boundaries of presumption and have to do with facts which would without a doubt constitute an act of foreign aggression against a sovereign country. It will be of interest to learn what the intervention reported consists of and what evidence was provided to support these charges.

A few days ago, the U.S. provided foreign ambassadors with abundant information on evidence that communist nations are supplying weapons and money to the leftist guerrillas in El Salvador through Cuba and Nicaragua. The report said that Salvadoran activists have made trips to communist nations in Europe and Asia, and that others maintain close contact with leaders in the Castro and Sandinist regimes. Shipments of hundreds of tons of weapons are reported to have been made from Managua and Havana for delivery to the guerrilla fighters in El Salvador. Senator Charles Percy, chairman of the U.S. Senate Foreign Relations Committee, for his part, spoke of the existence of "irrefutable proof" of such shipments, with information on the "place, date and hour of arrival" of such weapons.

All of these charges have to do with the Salvadoran case and justify the belief that they are part of the information package made available to Lt Gen Videla during his talk with the special envoy of the U.S. State Department. But the meeting may have provided an opportunity for a clash of views about this and other matters, the details of which should not be kept within official circles. The public statements by Gen Walters are not enough. It is necessary to inform the country about all the matters dealt with at this important interview.

5157
CSO: 3010

EDITORIAL SCORES CUBAN ACTION IN ECUADOREAN EMBASSY INCIDENT

Buenos Aires LA PRENSA in Spanish 26 Feb 81 p 8

[Editorial: "Cuba and Extraterritoriality"]

[Text] As was feared initially, the communist regime of Fidel Castro took the Ecuadorean embassy in Havana by siege and forcibly removed a group of 29 persons--men, women and children--who had entered the diplomatic headquarters a few days earlier and taken three officials hostage, releasing them later. The episode gave full exposure again to the violation of the extraterritorial rights of embassies by various groups and for various purposes, with violence being used in almost all cases. Thus, beginning in the past decade, the diplomatic service has become a highly dangerous occupation, as the tragic fate suffered by ambassadors, ministers, attaches and consuls in many parts of the world demonstrates.

Despite the reasons invoked for the seizure of the Ecuadorean embassy in Havana by this group of 29 persons, the episode should be judged in the light of international law and the legislation which describes and condemns the commission of these criminal acts. Above all when the forceful entry of the premises of the diplomatic headquarters was immediately aggravated by the seizure of three of the diplomatic staff who were held as hostages. The use of arms to achieve their goals leads to doubt about the real reasons the occupants gave in asking to be granted the right of asylum.

The eminent nature of such institutions should be vigorously maintained, above all, as in this case when the extraterritorial privilege of an embassy is violated as the "ultima ratio" for facing the masters of the house with a demand for safe conduct in terms of force, and with no possibility of defense. The doctrine of the right of asylum can only suffer if it leads to coercion or threats of death on the part of those who invoke it. In the case last year in which thousands of Cuban citizens went to the premises and gardens of the Peruvian embassy in Havana, no acts of violence, even verbal, against the diplomatic representatives of Lima were involved at any time.

In a word, recourse to the right of asylum demands that very strict conditions be fulfilled, one of which is nonviolation of the extraterritorial privilege of the country whose protection is sought. No argument of a subjective nature could weaken the doctrine which throughout the centuries has been enriching and perfecting the exercise of such a substantial right throughout the world.

Nothing of what we have said, on the other hand, could authorize or justify the entry of the Ecuadorean embassy by Fidel Castro's ruffians, who proceeded to remove all of its occupants and, after hurling the worst epithets at them, to imprison them and put them on trial. For the Cuban communist government this was a routine operation, preceded by no hesitation at all, carried out with the certainty and efficiency which the absolute control of power and indifference to international law creates.

As is logical, Ecuador protested this outrage. Castro, in turn, shrugged his shoulders. Perhaps he fabricated some clever response, but no one has raised any doubt that his pillaging penetration of the diplomatic representation of Quito, prohibited by international treaties, is but the confirmation of the most authentic picture of his regime, a melange of abuse and cynicism, outrage and violence. Thus it has been for more than 20 years.

5157
CSO: 3010

'LA PRENSA' APPLAUDS BOLIVIA'S MINISTERIAL CHANGES

Buenos Aires LA NACION in Spanish 1 Mar 81 p 8

[Editorial: "The Changes in Bolivia"]

[Text] A little more than 7 months after taking office, the military government in Bolivia has undertaken a reorganization of the ministerial cabinet. According to the statements by the president, the decision has two significant aspects: it will complete the first stage of that government and will provide a certain "institutional character, through the participation of civilians."

As to the first aspect, which obviously represents the government's own assessment of its situation and development, the notable fact of overwhelming importance in connection with the cabinet changes is the removal of the minister of interior. This decision was not the product solely of the political nature of the interior ministry, but in particular of the fact that the outgoing minister represented the policy line imposed on 17 July in every respect. In this connection, the president has said that the period which has elapsed "was the hardest," which can be interpreted in the natural sense of the effort initially required, or again as a specific characterization of the first phase which is now ending. If the latter was meant, one must presume that the subsequent stage will be easier and in such a case, the warnings proffered by the former minister about his past and future have already been voiced. "When there is chaos and anarchy again and extremism takes over," he has predicted, "I will be front and center dealing with all of this." But for the time being, he has exhorted the armed forces to maintain unity in support of the president above all.

Where the "institutional character" which the incorporation of civilians in the cabinet will give the government--if in fact the institutional concept involves only such participation, this would be a question of bringing about gradual, quantitative institutionalization, which in the long run could be measured by the fact that of the occupants of 17 posts, 9 have been removed and 3 of them replaced by civilians.

It is of greater note, then, with regard to the institutional character being sought, that two of the three civilian ministers were chosen from among political ranks of the Banzer faction, that is to say the Nationalist Democratic Action (ADN). However, it is also necessary to take into account the fact that the ministries assigned to the two civilians in question are "prima facie" those concerned with the most arduous problems confronting Bolivia at present--foreign relations and finance, and that the other assigned to the third civilian--public health--is eminently professional.

It can be presumed in reality that the changes in the Bolivian cabinet are designed primarily to insure timely development in the sectors which are most urgent, which does not prevent investing them with the desired political intention or significance to the same end.

5157
CSO: 3010

LOPEZ: 'I WILL NOT BE A CANDIDATE IN 1982'

Bogota EL TIEMPO in Spanish 14 Feb 81 Sec A p 1

[Text] In the last few hours, Dr Alfonso Lopez Michelsen reiterated the fact that he does not intend to be a presidential candidate in the elections of May 1982, stating once again that he is not an advocate of the reelection system.

During the visit that he has just paid to Bucaramanga, to take part in the tribute to Dr Alejandro Galvis Galvis, marking his 90th birthday, former President Lopez Michelsen agreed to make statements to newsmen, and commented on the subject:

"I have stated on several occasions that I would not be a candidate for the presidency of the republic in 1982."

As for President Julio Cesar Turbay Ayala's suggestion for extending the presidential term from 4 to 5 or 6 years, Lopez Michelsen remarked that, in spite of the respect that he had for the proposal, "the public would not tolerate a 6-year term."

On the same topic, Lopez added: "After 3 years, any chief executive would have the sun on his back. If a president were to remain in constitutional office for 6 years, he would be in the dark."

Lopez Michelsen's statements were made to newsmen from Bucaramanga, and conveyed by radio networks such as Caracol.

2909
CSO: 3010

'OPERATION CAQUETA' STEPPED UP BY MILITARY FORCES

Bogota EL TIEMPO in Spanish 26 Jan 81 Sec D p 10

[Text] Florencia, Caqueta--During the next few hours, at least 3,000 men will join "Operation Caqueta," begun by the military forces after members of M-19 [19 April Movement] carried out further guerrilla activities, and it was learned that only 250 police agents are rendering service in this future department.

Indicating that the lack of agents is a problem of a natural type, it was pointed out that as soon as Congress approves the creation of the new department, the number of men in uniform will be required to increase, and the DAS [Administrative Department of Security] will have to establish its own sectional entity in Florencia.

Caqueta has a population of 455,000 inhabitants, and semiannually shows a crime rate of 0.38 per 10,000 persons.

The official stated that, of this number of agents, 98 are auxiliary police who will complete their military service in July and will withdraw from the institution.

The colonel said that his units must guard 13 towns and render services in banks and public establishments, and so the city is unprotected.

He observed that "Operation Caqueta" which went into effect on Friday will bring peace of mind to the population upset by the guerrilla groups, the drug traffic and common crime.

Zapata Diez, who has served for 7 months as head of the police in Caqueta, said this intense summer season is used to advantage by the guerrillas to attack, since it benefits them considerably because the winter there is rather severe, and the terrain does not allow them to move about through the mountain area.

It was recalled that, last year, in San Vicente del Caguan, a discovery was made of one of the largest crops of coca and marihuana, as well as 5,000 kilograms of the grass already pressed and ready for export.

In adjacent areas there were two clandestine runways for the landing of aircraft up to the DC-6 type.

San Vicente del Caguan is located on the banks of the Caguan River, 208 kilometers from Florencia.

During the first half of 1980, there were 785 crimes; and, for the second half, the number was 765.

Robbery ranked in first place, with 343 known cases; 322 cases of personal injury were reported, as were 113 of larceny, 78 murders and 47 crimes of embezzlement.

Last year, there occurred the kidnapping of Guillermo Reyes Cruz, a wealthy merchant and owner of the leading social club in the city, for whom a ransom of 50 million pesos was demanded. According to the F-2 commander, its perpetrators were common criminals, but other individuals attributed it to the communist Revolutionary Armed Forces of Colombia (FARC). The incident occurred on 7 December, and thus far he has not been released.

The perpetrators of the crime, four men, went to the victim's residence and "invited" him to accompany them.

On 11 January of this year also, four armed men arrived at the farm of the livestock raiser Norman Yepes, owner of a chain of stores known as Yep, and kidnapped him. They later demanded 61 million pesos for his release.

Military Reinforcements

The number of military beginning the so-called "Operation Caqueta" was increased considerably, upon the announcement that within the next few hours 1,400 troops belonging to the Colombia Battalion would be arriving here.

They will make a total of about 6,000 men fully engaged in the battle against subversion, after the members of M-19 committed new attacks between Friday and Sunday.

An official spokesman said that the armed insurrectionists established a mobile checkpoint for 2 hours in the vicinity of the town of Curillo, and forced the passengers from two buses and a truck to get off for a search.

The frightened farmers told the authorities that the guerrillas, aged between 12 and 18 years and heavily armed, issued slogans against the government, painted the vehicles and later allowed them to continue their journey. When the troops arrived, they had all disappeared.

A military spokesman remarked to this special correspondent that the chief of the M-19 "Southern Command," apparently a native of some European country, is writing what he has termed the "element of work," in which a record is made of the operations conducted. On a regular basis, the sheet carries the well-known heading used by M-19 in the cities to send its communiques to the news media.

On Monday, 19 January, when the savage attack on the population of Curillo took place, one of the guerrillas left behind a sheet that was seized by the intelligence service, with this title, "Elements Confiscated." Below was a stamp of the Southern Command, followed by the signature of Marco Chalita, chief of the organization in that part of the country.

In December, they sent the state governor, the mayor, the office secretaries, the bishop and the military high commands Christmas and New Year's cards on behalf of

M-19, bearing the same stamp; something which caused general amazement among those who received them.

In view of the new assault by M-19, after Operational Command No 12 went into action the military authorities decided to set up a special command on the outskirts of Curillo, and for this purpose they sent maps, desks, chairs and a typewriter there. They set themselves up under a tent and, from there, using powerful apparatus, they are in communication with all the units housed in the mountains.

A military patrol that was flying in an aircraft from SATENA [National Territorial Aerial Service] this week observed guerrillas on the ground, but refrained from firing when it became doubtful, and thought that it might have made a mistake. The armed insurrectionists later fled, and when the aircraft managed to land on a nearby runway, the insurgents had already taken advantage of the situation.

The first measure ordered by the military in the towns of Putumayo, Caqueta, Meta and part of Cauca was to take a census of the inhabitants, and allow them to purchase only the food required for their families. The same action was carried out during "Operation Anori," which the high commands claimed to have brought excellent results.

All the units attached to the new command were under the orders of Col Luis Eduardo Barragan Gutierrez, who flew over the area known as the "war zone" during the past few hours.

The inspectorship of Curillo, an area in which members of M-19 are presumed to be located, is a 4-hour drive by highway from Florencia, at the side of the river. It has 70 dwellings especially outfitted for fishermen, and it is usually guarded by six policemen. The M-19's mobile checkpoint is ordinarily set up by them 26 kilometers from the settlement, near the town of Albania.

On Saturday, the Army commander, Gen Fernando Landazabal Reyes, inspected some sections of Meta where an FARC front is operating; and today he arrived at Villavicencio to continue enoute to Bogota. Here, on Thursday, Landazabal Reyes established the No 12 Command, which will have backing from Colombian Air Force units.

During the next few hours, the chief of the Unified Southern Command, Gen Alfonso Amaya Maldonado, will arrive here, and will receive a report on the first results of the operation. Its headquarters is Leticia.

Rev Father Augusto Castro, superior of the community of Consolata missionaries, repudiated a report from this newspaper claiming that a priest from the locality of El Doncello, in Caqueta, was arrested for subversive activities.

Father Castro declared that the only two priests in that parish belong to the Consolata community, and that neither of them has been taken into custody.

He remarked that, in addition to the fact that they have not been arrested, the missionaries are not involved in any type of subversive activity either. He added that no military procedures have taken place in El Doncello against the parish, much less against its officials.

Yesterday, the superior of the community contacted Florencia by telephone, and requested individuals in his confidence to pay a visit to the parish of El Doncello. Upon their return, his messengers reported to him that everything there was normal. One of the two priests is in Bucaramanga, and the other one is working in his parish.

Col Ricardo Zapata Diez, Commander of the Caqueta Police

2909
CSO: 3010

SIL ACTIVITIES QUESTIONED, EXPLAINED

State Council Explains Contract

Bogota EL ESPECTADOR in Spanish 27 Jan 81 Sec A p 7

[Text] About every 2 years, the activities of the Summer Institute of Linguistics [SIL] in Colombia give rise to the most extensive controversies throughout the country. And now that it is about to complete 20 years since having signed the contract or agreement authorizing it to operate, the kidnapping of one of its members has opened the discussions again.

Is it an agency which is studying the Indian languages and preparing primers for the study thereof, as its bylaws state, or is it rather an institution devoted to religious proselytism? This has always been the bone of contention.

Four years ago, a prosecutor from the Council of State, Gilberto Gartner Posada, as a representative of the society, demanded the contract, so that it would be the supreme court of administrative law action that would decide not only on its validity, but also on its feasibility. Actually, the purpose of the action to declare it void is to put an end, for once and for all, to the discussion, either by abrogating the agreement or declaring its validity.

The case is currently at a standstill, awaiting the Ministry of Government to submit the final studies that it has made on the activities of the Summer Institute of Linguistics. As soon as they have been sent to the Council, it will be turned over to the office of prosecutor Edne Cohen Daza, so that she may express an opinion, and then to Council member Jorge Dangond Florez, so that he may make a provisional decision.

All of the opinions and documents cited here will be contained in the records acted on by the Council of State, and show the disparity of views that has always existed concerning the SIL; for just as it has great defenders, it also has major detractors.

The Contract

On 21 February 1962, the contract or agreement was signed authorizing the Summer Institute of Linguistics to start operating in Colombia; and, according to the terms, the many prerogatives granted it by the state were compensated for by the preparation of extensive studies of the Indian dialects, as well as the publication of primers that would enable the natives to have an alphabet for their language.

But the first half year since the signing of the contract had not yet elapsed when the first protest occurred. And it was from the Church. In fact, on 17 October 1962, Monsignor Marcelino Canyes, apostolic prefect of Amazonas, accompanied by Monsignor Angel Cuniberti, sent a message to the then minister of government, Eduardo Uribe Botero, in which they expressed serious objections to the contract, because it not only granted the Institute benefits and prerogatives that had not even been given to the Church, but also, the Institute was engaged in an effort for religious indoctrination which, in their view, would upset the natives.

One part of the letter notes: "The proselytizing effort in that location has certainly been very distressing!" And it cites concrete instances: "In Sabana, in the magistracy of Chorrera, there have been serious disputes because of the proselytizing effort. The institute has engaged in relative proselytism." And it concludes by stating that it cannot be ignored that the Summer Institute of Linguistics is affiliated with the Wycliffe Bible Translators Division of the Protestant Baptist Church, which intends to send a total of 1,237 missionaries (the figure pertains to that time).

The minister of government, Uribe Botero, flatly denied the charges, but made it clear that the fulfillment of the contract would be watched, step by step, and if there were evidence of any violation, it would be cancelled.

Since then, the Institute has been the target of periodic attacks for its alleged religious activities, the plundering of our natural resources and even the violation of national sovereignty.

The Opinions

Prominent among the large amounts of evidence requested by the Institute's initial agent, Samuel Castro Urrego, are the statements taken from many prominent persons regarding the entity's activities.

On 18 February 1976, the then minister of education, Hernando Duran Dussan, sent an official message to the director of the Institute citing the importance of the work that was accomplished, which he described as very good, also offering an exchange of studies on native languages.

The director of the library at the National University, Hernando Martinez Rueda, comments that there are in the archives 125 works prepared by the Institute, and claims that they are of "very great cultural, scientific and social value."

On the other hand, the head of the Dialectology Department at the Caro y Cuervo Institute, Luis Florez, states in a certified document sent to the Council of State: "The majority of the publications of the Summer Institute of Linguistics are of a religious nature...the really linguistic publications number very few: four."

The regional manager of the National Learning Service, Antonio Diaz, says that there is no work agreement in existence with the Institute of Linguistics.

The chief of the Ministry of Government's Copyright and Press Section, Albenio Galan Arisa, states that the works registered in that office are of a "scientific and cultural nature."

The general director of the Summer Institute of Linguistics for Latin America, Gerardo Edler, attests that Mr Cameron Townsend did have the authority to sign the contract with Colombia for engaging in research, thereby negating one of the plaintiff's arguments.

The University of Texas also attests that it has a contract with the Institute for the teaching of various aspects of linguistics. On the other hand, the University of North Dakota refused to respond to the requests from the Council of State to explain its connection with the SIL. The University of Chicago also claims to have given courses to the Institute, noting that this was the extent of its link with the latter.

The U.S. State Department, in a certified document dated 25 January 1977, declares that the Summer Institute of Linguistics is registered as a volunteer private organization with the Advisory Committee on Volunteer Foreign Aid of the International Development Association (IDA).

The director of the Language Department of the Pedagogical and Technological University of Colombia, Hector Jimenez, certifies that five courses in the study of Indian dialects have been given in conjunction with the Summer Institute of Linguistics.

The present chief of the Legal Office of the Presidency of the Republic, Benjamin Lopez Ramirez, claims that the Institute is doing very constructive work in the country, and that he has noticed that it has never exceeded its benefits, such as exemption from the payment of customs duties.

The SIL Claims

The National Museum, for its part, has also submitted a certified document in which it discloses: "The Museum has not received tape recordings, books nor publications of any kind from the Summer Institute of Linguistics."

Meanwhile, the Council of State found the possibility of making a judicial inspection of the Institute's headquarters in Lomalinda, which was ordered on 7 June 1976, to be precluded, owing to the lack of cooperation from the parties to facilitate a visit by the magistrates from the Meta Administrative Court. The last time that it was ordered, in 1979, it was thwarted for the same reason; and this was reported by the court on 22 January 1980, when it returned the case to the Council.

On 20 February of last year, Council member Dangond Florez ordered the transfer of the demand to the Institute's new agent, Manuel Urueta, who, for the purpose of having the claims in the demand denied, alleged that, in Colombia, by virtue of a constitutional ruling, there is no ban on professing any religion, and that no one could be prosecuted for doing so. But, in any event, he claimed that the Institute was not engaged in any type of religious proselytism, as proven by the statements relating to the scientific nature of the primers that were published.

On 26 June 1980, prosecutor Edne Cohen requested that the Council member issue a writ, so as to better decide (or to better delay, as it is interpreted in judicial circles), for the purpose of requesting of the Ministry of Government the studies that it has made on the Institute's activities in the country. And the process remains in that stage: at a standstill for over 6 months.

SIL Tells Its Side

Bogota EL ESPECTADOR in Spanish 30 Jan 81 Sec A p 27

[Text] Yesterday, members of the personnel of the Summer Institute of Linguistics released a communique in which , besides expressing deep concern over the kidnapping of their comrade and friend, Chester Allen Bitterman, they explain that this Institute is a humanitarian scientific organization of a private, international nature, the activities of which are carried out under the terms of the invitation and agreement made with the government of Colombia, and under its supervision.

Trip to Lomalinda

Several employees of the Institute announced that, early today, they will make a trip with a group of newsmen to Lomalinda, located in territory of the department of Meta, where the organization's facilities are situated, so as to show, on the spot, the work that they are doing, and to dispel all doubts about the reality of the scientific endeavor in which they are engaged.

The officials stressed that Mr Bitterman was not an adviser of the Institute, and had remained in Lomalinda for about a year and a half, waiting for the Ministry of Government's Division of Indian Affairs to grant the pertinent permission for him to go to one of the Guaviare Indian communities and engage in his profession as a linguist, a function that he had not yet discharged, and as a result had not been awarded any salary.

They added that Bitterman arrived in Bogota for the purpose of receiving medical treatment, and that he was supposed to be admitted to the hospital on Tuesday, 20 January, for vesicular surgery on 22 January; which he was unable to do, since his abduction occurred on 19 January.

A Cheerful Person

The members of the Institute described their comrade as a cheerful, happy person, and a very responsible parent. "He has a very strong feeling of solidarity with regard to the state in which the Indians live in Colombia, and the residents of the Lomalinda area held him in high esteem."

They also said that the kidnapped citizen is married to Mrs Brenda Gardner, and is the father of two little girls, aged 3 and 1 years, and named Ana Ruth and Esther, the latter of whom was born in Colombia.

Explanatory Book

Finally, they said that the Institute's personnel are preparing a book entitled "The Summer Institute of Linguistics, a Great Mystery," which will soon go into

circulation, for the purpose of clearing up any doubts among the public concerning the work done by the organization, and to respond to the various criticisms that have been made with respect to it.

The Communique

The text of the communique, signed by [illegible] Kinsberg, the SIL's legal representative, is as follows:

"The personnel of the Summer Institute of Linguistics in Colombia, deeply concerned over the kidnapping of their comrade and friend, Chester Allen Bitterman, declare that the Institute is a humanitarian and scientific private organization of an international nature, consisting of Christians who, out of love for God, have devoted their lives to providing mankind with assistance, and paying particular heed to the autochthonous communities which lack a written language.

"The work that we have started in applied linguistics, the teaching of reading and writing, bilingual education and the publication of texts, dating back 18 years, has not ended. It is our desire, at its conclusion, to submit it to Colombian hands, and to terminate our stay in the not too distant future.

"Our work includes the translation of the Sacred Scriptures into the native tongues, so as to enable the natives to learn the essentials of Christianity, on the basis of its universal nature with respect to human behavior.

"Our activities are being carried out under the terms of the invitation and agreement made with the government of Colombia, and under its supervision.

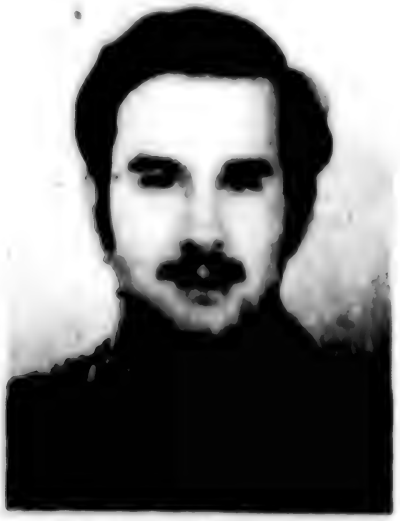
"Many criticisms and comments have been made on the Institute's activities, which have distorted the facts about them. As a result, a Colombian disturbed by these incidents has in recent years written the book entitled 'SIL, the Great Mystery,' in which all these matters are explained.

"In the near future, this book will be submitted for the consideration of the Colombian people, for their information and critical analysis.

"We are convinced that if we were known in depth and detail, the life of our comrade would not be in danger.

"In addition, we wish to thank all the individuals and entities that have offered us their support and cooperation, and sent us messages containing expressions of solidarity regarding Chester's abduction.

"Finally, we ask the entire community for its unanimous prayers that Chester will be strengthened personally, that all these misunderstandings will be cleared up and that our comrade will soon attain his release, especially at this time when he is very ill."



Charles Bitterman

2909
CSO: 3010

FIRST CHINESE AMBASSADOR PRESENTS CREDENTIALS

Bogota EL ESPECTADOR in Spanish 30 Jan 81 Sec A p 11

[Text] The first Chinese ambassador to Colombia, Zhao Zhengyi, leaves the [presidential] palace after presenting his credentials to President Turbay Ayala.

2909
CSO: 3010

FINANCE MINISTER ANNOUNCES NEW ECONOMIC MEASURES

San Jose LA REPUBLICA in Spanish 26 Feb 81 p 24

[Text] Finance Minister Hernan Saenz yesterday revealed to the press a series of major economic measures that will radically alter the country's economic structure. The measures, together with several fiscal moves, are part of the agreement reached in principle with the International Monetary Fund and which is hoped will be signed before next month. Some of the measures have already been adopted by the government; others will be taken within a few days, and still others require legislative approval.

Minister Saenz announced the elimination of protection for the manufacturing industry, a freeing up of interest rates, a continuation of the exchange rate float, a 26 percent increase in the size of the fund for private loans in comparison to the ones granted last year, a leveling of the prices of domestically produced goods with world prices, a cut in the budget deficit from 11.4 percent of the gross domestic product (GDP) last year to just 1.4 percent this year, a reduction of the current account deficit from 12.9 percent last year to 8 percent this year, and a major expansion of farm production, among other measures.

The minister handed the press a document that contained the following paragraphs:

Now is not the time to describe at length the snags that have so severely impaired the world economy over the past 10 years. It would also be unnecessary to reiterate here how these snags have harmed the non-oil-producing developing countries much more dramatically.

The International Monetary Fund itself adjusted its programs, thus acknowledging that the world economic situation now required a different approach. The countries that tried to cope with this situation by promoting structural changes in their economies needed longer payment terms and additional funds if the objective was to reincorporate them in a stable fashion into the world economy.

Thus, the Extended Fund Facility (EFF) was established; its purpose is to provide longer-term funds to countries initiating major structural adjustments in their economies. These funds are in addition to the money available in the regular programs. The new program has recently been improved, as the maximum payback period has been extended to 8-10 years. For its part, the World Bank

recently set up a program of loans for structural adjustments (generally to finance imports of inputs, not just development projects) geared towards countries that are having problems with their external payments and that are in the process of significantly altering their production structures.

Costa Rica

Costa Rica was relatively fortunate during the first world oil crisis in 1974 and 1975. Almost at the same time, its main export, coffee, hit all-time highs. Because of this, the country was on that occasion able to avoid most of the negative effects that other countries suffered. Paradoxically, it was during this favorable period that certain negative structural trends in our economy intensified sharply.

The momentary availability of abundant foreign resources caused us to boost imports substantially and to sharply increase our foreign indebtedness.

The job of governments can no longer be to restrict themselves and administer the past prudently. A different structure will have to be developed to cope with an increasingly difficult and changing world. Any time of change tends to be especially stormy, because interests are affected, additional belt-tightening is needed that requires a change in outlook and countless situations are faced that are not easy to explain or understand. Many of the problems faced in a time of change are sudden and complex; there are no individual solutions to them, nor are any effects felt right away.

We Cannot Turn Our Backs on Growth

Making sacrifices at a given moment merely by reining in demand could be acceptable if there are reasonable prospects that once the critical period is over the country's same production structure will be in a position to restart the growth process. This is the premise based on which Costa Rica has in the past signed various agreements with the IMF.

The efforts that Costa Rica is prepared to make to dampen demand are closely tied to the program for structural changes to stimulate the growth of aggregate supply.

The following is a summary of the program of adjustments:

Energy

Our energy policy focuses on two clearly defined objectives:

A. Developing alternative sources to oil, and
B. Rationalizing the consumption of hydrocarbons

A. Developing Alternative Sources to Oil

As a non-oil-producing country, Costa Rica was involved in an especially active way in the Petroleum Aid and Assistance Agreement signed with the governments of Mexico and Venezuela. The pact was signed by Presidents Luis Herrera Campins and Jose Lopez-Portillo in San Jose, Costa Rica on 3 August 1980.

Aside from the enormous economic significance of this agreement to the countries of Central America and the Caribbean, Costa Rica attaches momentous importance to it in the establishment of a new international economic order.

Domestically, our energy policy is promoting the following programs:

A.1. Hydroelectric and Geothermal Power

The ratio of hydroelectric to thermoelectric power in December 1977 was 58 to 42 percent. By 1983 it could be 82 to 18. Moreover, staring this year, Costa Rica will have a surplus of electric power, which gives us several options: cut the operating level of thermal plants when the electric power grid is completely linked up; step up programs to shift industrial use of energy towards electricity, to which end special rates would be charged; export electricity to Nicaragua and Panama.

At present, Costa Rica needs to guarantee financing for all these programs and, to the extent possible, increase it.

A.2. Oil Exploration

The office of the minister of energy and mines has coordinated with RECOPE [Costa Rican Oil Refinery] in carrying out an oil exploration project to determine the commercial feasibility of producing hydrocarbons in the Baja Talamanca area. In undertaking this project the ministry secured the cooperation of the Mexican Government through PEMEX [Mexican Petroleum].

A.3. Coal

The survey conducted by ICE [Costa Rican Electricity Institute] geophysicists into coal in Baja Talamanca revealed that there are economically significant deposits of the mineral. We will pursue our agreements with the Japanese Government to accelerate feasibility studies in this area.

A.4. Oil Pipelines

The few pipelines that Costa Rica has are old. A program to update and extend them is indispensable, not only for fuel economy reasons but also because the increasingly heavy tank truck traffic through our cities poses mounting risks in them. In addition, it is an important element in our development strategy to link both of our country's coasts via pipelines.

A.5. National Program for the Use of Alcohol as a Fuel

Under this program 10,000 hectares of cane will be sowed in nontraditional areas over a 4-year period; 2,500 hectares a year will be planted, the goal being to substitute for 46.65 percent of total gasoline consumption by the 4th year and 100 percent by the 8th year of the program.

The areas in which cane will be grown for alcohol production are: Upala (Bijagua Sector), Boca Arenal, Palmar Norte, Atlantic region (Cairo-Pocora), Nandayure (Juan de Leon and Punta Coyote).

Other Energy Policy Efforts

Promotion of and financing for the installation of digesters to produce methane gas for energy uses.

Promoting the modification or refitting of diesel-burning equipment to bunker fuel use.

Promotion of and financing (up to 5 years) for the installation of equipment to burn agricultural and industrial waste products for fuel.

The World Bank is financing a study of nonconventional sources of energy (solar, wind and biomass) and small powerplants.

II. Comprehensive Development of Agricultural Potential

Because of the industrialization process that Costa Rica has spurred in recent decades, the country has neglected the channeling of resources of all kinds into agriculture, the nontraditional products market, pricing policy and, in general, everything related to our transportation and storage infrastructure.

As a result, Costa Rica's agricultural potential is clearly underutilized. Costa Rica has begun working on two fronts simultaneously to resolve this problem:

A. Expanding our agricultural borders, and
B. Enhancing the use of existing farmland

A. Expanding agricultural borders
A.1. Irrigation project in the lower basin of the Tempisque River

One of the major projects already under way is the irrigation of the lower basin of the Tempisque River.

This is an ambitious project that will cover a total area of 183,000 hectares over 20 years, 120,000 of which are irrigable. The land will be used to grow all sorts of crops: cane (sugar and alcohol), basic grains, vegetables, melons, cashews and citrus fruits, among others. This is one of the largest growing areas in the province of Guanacaste and has been only marginally productive due to the lack of irrigation.

The irrigation district will benefit 37,000 families. A total of $20.6 million will be invested, of which $15.1 million will be financed by the IDB, with the remaining $5.5 million coming from the Costa Rican Government.

A 2. Rural Road Linkup Program

The Government of Costa Rica has vigorously spurred the expansion of our agricultural borders through transverse roads linking our northern and southern borders without passing through the central plateau (from Sixaola to Penas Blancas). This program will bring thousands of hectares into production, especially because it will insure access during the rainy season.

The program consists basically of two transverse roads, financed by the IDB and IBRD, which when completed will link Costa Rica via a single peripheral roadway. In addition, the country has negotiated a transaction with the BCIE [Central American Bank of Economic Integration] for the construction of the southern coastal route.

III. Export Promotion and a Shift in Import Substitution

A. Development of agroindustry

The efforts being made to fully develop Costa Rica's agricultural potential involve securing sufficient high-quality inputs to spur agroindustrial development. We should note that none of these activities will require any tariff protection to win over the domestic market and/or be competitive on international markets.

B. Institutional promotion of exports

CENPRO [Investment and Exports Promotion Center] is currently promoting moves in the following areas as part of a comprehensive policy to create an export-oriented mentality in the country: tax breaks, marketing, export promotion fund, transportation and infrastructure, credit lines for exporters and simplifying red tape.

The expansion and completion of ports is of far-reaching importance for the new export structure that Costa Rica is pushing for. Three ambitious ports projects will be completed in 1981-82; they are: expanding the Limon wharf, the Moin wharf and the Caldera wharf.

IV. Financial Scaleback

The public sector cutbacks that will be made in 1981, as part of the agreement with the IMF to bring about a structural adjustment, total around $1.5 billion. To do this we will have to make sacrifices that will enable us to continue our investment programs and thus construct an economy that will insure steady growth and equal opportunities for future generations.

Most of the scaleback for 1981 will be carried out in the decentralized sector, which currently accounts for 70 percent of total public sector spending.

Major scalebacks will be undertaken in 1982 and 1983 to cut the budget deficit to manageable levels, from 11.4 percent of the GDP in 1980 to 6.5 percent of the GDP by the end of 1983.

V. Reallocation of Resources

The Government of Costa Rica is currently pursuing the following policies to achieve a comprehensive reallocation of its resources:

A. Rationalization of the protectionist system

The Central American Common Market brought with it an agreement involving tax incentives for industrial development to facilitate and consolidate industrialization through import substitution in Central America. This generous agreement has, however, created distortions that have become indefensible and that represent a stumbling block to the region's future development.

In light of these problems, the market pushed for a reform of the existing tariff structure, a reform that has not been completed by the Central American committee in charge of the technical negotiations. Its proposal will be taken up at the political level next month.

In addition, the Government of Costa Rica has been abolishing protectionist levies.

B. Foreign exchange policy

Basically because of constantly worsening terms of trade, with only short-term fortuitous interruptions, Costa Rica felt it had to adopt the floating exchange rate system for this period of structural changes. This system entails a revaluation of the U.S. dollar. This policy will have to be maintained over the near term so that it develops into a clear-cut part of export policy. In practice, once the system of floating our currency is firmly established, its fluctuations should reflect the gap between the inflation rate in Costa Rica and the inflation rate in the principal markets for Costa Rican manufactures.

Recent speculation in the American currency at the National Securities Exchange has brought it up to an unrealistic level. The government will not intervene, because we will not give rise to opportunistic pressures. The dollar will soon stabilize and reflect its real value against the colon.

C. Credit policy

Here, the government would like to quickly channel more credit towards productive sectors. Whether this is possible depends to a great extent on the fiscal scalebacks that are undertaken.

D. Elimination of financial repression

This reform is almost complete and, more importantly, it is irreversible.

The interest rate on loans will, as a general policy, be the market interest rate. The exceptions to this rule that are deemed necessary for reasons of national interest, whether to protect small producers or to promote some special activity, will be carefully studied and monitored.

Moreover, the Government of Costa Rica will try to boost savings levels by setting interest rates on deposits that are in line with the money market.

Policy moves will be made in other areas to reallocate resources. Some of them are: financing, consumption for development, jobs, inflation, real estate taxes and social burdens. All such actions are geared to promote the structural change that we are spurring.

8743
CSO: 3010

HORRORS OF PRISON LIFE DETAILED BY PRISONER'S WIFE

Caracas EL UNIVERSAL in Spanish 19 Feb 81 Sec 2 p 19

[Article by Gumersindo Villasana]

[Text] Maiquetia, 18 Feb--The Cuban regime has subjected to forced "hunger strikes" the prisoners in the Boniato jail in Santiago de Cuba. These sensational revelations were made by Cristina C. de Valls, the wife of a former prisoner. Her husband, the intellectual Jorge Valls Arango, has spent 18 years in jail suffering the most horrible tortures, as happens to all the Cubans who are buried alive in the dungeons of that communist tyranny. She reported this when she arrived in Venezuela.

Mrs Valls told this reporter: "In the beginning the news that we got from the prison authorities was that our relatives had gone on a hunger strike, but the truth was quite different. The prison officials had placed them on hunger strikes, holding them isolated in dank cells, taking away their belongings, their food, and giving them the bare minimum of water for them to subsist. This went on for over 33 days. After that time the prison officials agreed to talk with the prisoners who had only raised the issue of the most fundamental human rights. But after provoking them with their violations, the prison officials used these violations as a pretext for applying this disciplinary measure, if this act of cruelty and inhumanity can be called a disciplinary measure. I repeat, they agreed to talk with the prisoners whose fundamental point was that they wanted their status as political prisoners to be respected; this is the status they had had since they arrived in the jail. This of course is far short of what they deserve, but they really wanted to bring this situation to an end and to reach agreements which the prison officials would promise to respect. However, all the circumstances which led to this situation are still in effect; they are the following:

"During the period of over 18 months since these prisoners were transferred to the Boniato prison in Santiago de Cuba, the Castro regime has tried every possible method to subjugate them, to force them to give up, or to humiliate them, since they know that this group, which the regime has kept in prison, not including them in its so-called Pardons Plan, represents the last stronghold of the dignity of the nation. That is why the regime is ready to make use of every method within its reach to achieve its objective, which is nothing else but to neutralize them as a class, and in saying this I am referring to their undeniable status as heroes, or to make them disappear physically, which is another way of neutralizing them. For it is no secret to anyone that the dead are useful to communism to the extent that they can be used as rallying points or for other purposes of interest to the party.

"What is happening in the Boniato jail today is a perfectly well thought out plan and it follows what happened on 1 September 1975, while the first congress of the Communist Party of Cuba was being held. This was known as the Boniato Massacre. Now the second congress of the Party has been held in Havana. Let us just analyze a paragraph from a letter smuggled out of the prison on 20 October, which tells exactly what the regime has done. It reads as follows:

"And now while I'm on the subject of reprisals, on 15 October the prison officials told us that in the future, starting now, not only would they limit our correspondence to what was allowed for regular political prisoners--a single letter every 3 months--but they would also not allow us to receive any more mail than that--a single letter every 3 months. As you will see, this is just one more step in the escalation of the repression. You already know that for the past 6 months every type of medical aid for us has been cut off.

"There is one fact that we cannot overlook. In recent days, uniformed political police officers have begun to visit many of our families in Havana, telling them that there had been a riot here in Boniato, and that some political prisoners had been killed and many had been wounded. Many of our families were terrified. What can there be behind all this? What are they planning to try now? Another massacre like the one of 1 September? I think it is necessary to report this action and to stay on our guard. You can use my name, and say that I have denounced this new Machiavellian orchestration. Our relatives have been terrorized, and the head of Boniato has proof of this."

This is the alarm sounded by this courageous prisoner. Now I will try to clarify some of these points. During mid-1979, when Cuba was excited about the extensively touted pardons (and in parenthesis, some of us had already heard that there was a list of those

who would not be released), these political prisoners were believed to be included among those who would be pardoned, as they were not included among the terrorists or war criminals, or those whom Castro, although he had not definitively excluded them from the plan, still did not guarantee their freedom, claiming that their cases would have to be dealt with later, since they might constitute a threat to any society, so their cases would have to be dealt with more deliberately.

One fine day when hopes were highest, when their relatives mistakenly thought that they would soon have their loved ones home with them in freedom, on 22 July we received word that they had been taken away secretly in the middle of the night, the regime's usual procedure, and their destination was unknown. Once again the families went in search of their whereabouts, looking everywhere, asking for news, without knowing anything specific. Then some days later it was learned that they had been taken to the most isolated corner of the island, to the Boniato prison, a place that the regime has traditionally maintained as a place of punishment, with its dark and gloomy cells like those read about in mystery stories, dismal cells that are completely shut off so that light cannot penetrate through any opening, and day and night become one, the concept of time is lost, and all time becomes unending. This is a place of punishment not just for the prisoners, but also for their relatives, who, in order to reach it, have to travel a distance of 1,000 kilometers in the worst possible conditions, in terms of both transportation and lodging, which is unavailable. They have to go to the eastern province to find a place to eat or sleep, or go to a friend's house, and all this after traveling for 15 hours or more over these rough roads. They do all this just to be able to see their loved one for 3 hours. They have to put up with long hours of waiting, insults, humiliations, anxiety, etc., all of which they try to conceal from their relative who is imprisoned. And all these tribulations are considered well worth it if as their reward they manage to share this short period of time with their loved one. For this time, once we manage to embrace them, seems to fly.

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COFFEE GROWERS UNION APPEALS TO GOVERNMENT FOR AID

San Salvador EL MUNDO in Spanish 18 Feb 81 p 2

[Text] The country's coffee growers union has declared itself in a state of emergency due to the economic crisis stemming from low coffee prices, it was disclosed yesterday afternoon in an official communique at the close of a 6-hour meeting that the Coffee Growers Association of El Salvador held in this capital.

With the exception of the delegates from San Miguel, who were unable to attend because of the situation facing them in that eastern city, coffee growers from all over the country were present to examine in depth the crisis besetting them. Their conclusion was that for now they have no other alternative than to declare themselves in a state of emergency and, at the same time, to appeal accordingly to the government to resolve the serious problems that have arisen.

An association spokesman stated that the situation of Salvadoran coffee growers is really serious and that if the authorities in charge do not move to aid the union with due urgency, there will be chaos, which will affect not only the coffee growers but the entire national economy as well.

The press release handed out shortly after 1500 hours reads thus:

"The Governing Board of the Coffee Growers Association of El Salvador, pursuant to the rulings of the Departmental Boards and their delegates, meeting today on behalf of the entire coffee growers union, has resolved:

"To declare itself in a state of emergency and in permanent session, due to the economic crisis, aggravated by interventionist policies and the government's apathy in resolving the union's serious problems.

"We also hold the government responsible, from now on, for economic imbalances, unemployment and their dangerous consequences for the country. San Salvador, 17 February 1981."

The union also said that at an upcoming meeting it would expand upon the reasons that prompted the declaration of an emergency.

The association spokesman, whom our reporter interviewed, said that a statement issued a few days ago highlighted the crisis facing the coffee growers, who demanded protection measures, as they are again doing, "so as not to go completely bankrupt."

In short, he explained that not only has the coffee growers union felt the harsh impact of the drop in world coffee prices, but it is also being seriously jeopardized by the country's domestic situation. "We have asked for the help we need, but so far we have not been given a positive response," the spokesman said, adding: "It would seem that some people have the idea that Salvadoran coffee growers are millionaires who can endure any crisis. But the truth is that at present the union consists of small and medium coffee growers, who do not have the resources they need to continue."

The spokesman went on to say that coffee growers have been practically overlooked because they are not even taken into account in pursuing, together with the public sector, the coffee policy that best suits the nation's interests. He added that we have not followed the example of other countries that have also felt the effects of falling coffee prices, countries that have exempted coffee growers from taxes and set up special agencies to protect them. "We do not want to stop paying taxes," he cautioned; "we are simply asking that they be reasonable and consistent with the situation we are in."

At another point in the interview, the association spokesman said that the crisis is worldwide because there is a coffee glut and demand is down. On account of this, he explained, prices have tumbled, but countries like Colombia and several Central American nations have quickly taken effective measures to protect growers. Protection measures by the government are even more warranted in El Salvador, which does not have the resources that other producing nations have, he asserted. When worrisome situations like the current one arose in previous years, he went on to say, the Coffee Growers Association was declared a public interest institution so that it could be accorded all necessary protection, and a Coffee Defense Law was even enacted.

The spokesman also commented that the situation is alarming and that if wise measures are not taken right away, the Salvadoran economy will eventually be severely hurt. "If such measures are not ordered," he stressed, "there will soon be fewer job opportunities and less revenue for the Treasury."

He also discussed current prices and the outlook on the world market, which is not encouraging. He also said that 70 percent of the harvest was sold at 230 colones and 30 percent at 120. He mentioned in addition that the loans being granted are enough only to pay back seasonal borrowing.

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COHEP PRESIDENT SAYS CRISIS HURTS PRIVATE ENTERPRISE

San Pedro Sula LA PRENSA in Spanish 19 Feb 81 p 4

[Text] Tegucigalpa--The economic crisis facing the country has brought about a complete halt in private investment, and there are no short-term prospects for an upturn.

The stagnation in this area was criticized yesterday by the chairman of the Honduran Private Enterprise Council (COHEP), Fernando Lardizabal Guilbert.

He claimed that the government has been negligent in not listening to a series of proposals and demands that have been put before it since 1971.

Such misgovernment has, according to him, led to a breakdown in our economy as a result of blunders in carrying out the agrarian reform and in several major domestic spheres of activity.

No Loans

"One of the main reasons for the bankruptcies in private enterprise has been the drying up of loans, both from private and state-run banks, and so far no moves have been made to remedy this situation," Lardizabal Guilbert stressed.

He mentioned that because of the current overwhelming crisis, 25 construction companies are about to go under, and small and medium industry in general faces a similar fate.

COHEP has immediately turned to the Ministry of Labor and Social Security, calling on the minister, Aristides Mejia, to intercede and on the state to pay back its debts to the construction industry.

In this regard, the council chairman noted that this sector of private business employs more workers than any other and that if the government does not come up with a favorable solution, the unemployment problem will reach unforeseeable dimensions.

Amid the entire mess that has been created under this administration, Lardizabal Guilbert hopes that the recent meetings between the president of the republic,

Policarpo Paz Garcia, and the economic cabinet will give rise to a constructive solution to the present crisis.

He said that the council hopes to meet with Don Paz Garcia at the upcoming convention of FENAGH [National Federation of Farmers and Cattlemen of Honduras] in Juticalpa, Olancho, to underscore to him the actual economic conditions in our country and the options for making progress.

Elections Needed

Separately, he pointed out that a presidential election mut be held as soon as possible, before things get worse under a poorly defined political system like the present one.

He again contended that the council is sorry for having come out in favor of a first round of elections, because a single government should have been formed in the wake of the past elections.

The council chairman was of the opinion that the next president will have to tackle many problems stemming from the current budget deficit, which is the result of the aforementioned factors.

He indicated, however, that by setting up development programs that are consistent with actual domestic conditions, he could do a good job.

In closing, he felt that new life would be given to the great national dialog, which has been eclipsed by a series of conflicts in recent days, though it has continued in an isolated manner.

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PPSC PRESIDENT ANALYZES FSLN FOREIGN POLICY

Managua LA PRENSA in Spanish 20 Feb 81 p 9

[Interview with Edgard Macias, president of the Social Christian People's Party (PPSC), by Adriana Guillen; date and place not given]

[Text] The Social Christian People's Party emerged from a split in the Social Christian Party (PSC). It is one of the members of the FPR [Patriotic Front of the Revolution]. The FPR originally also comprised the MDN [Nicaraguan Democratic Movement] and the Communist Party, but the political crisis that arose since the formation of the new government in 1979 left it as a four-party coalition. The PPSC's political ideology aims at establishing a community socialist structure (also called primitive communism).

In an exclusive interview with LA PRENSA, Edgard Macias, president of the PPSC, commented on a public pronouncement that questions the FPR, particularly in relation to the foreign policy being pursued by the administration of the FSLN [Sandinist National Liberation Front]. The PPSC recently issued a statement criticizing the foreign policy that the FSLN has been pursuing.

Question: What shortcomings do you point to in your pronouncement?

Answer: We focus on the fact that the government's foreign policy is based on an overly optimistic, idealistic approach that is not consistent with an analysis of international forces. Only a reflective approach to external elements can lead to a realistic foreign policy.

Question: In making this statement public, are you taking after the Sandinist Front by voicing one of its concerns, or to put it differently, have you done this so that the FSLN would not look as if it were "begging for mercy"?

Answer: The Sandinist Front has also issued appeals for unity. In addition to agreeing with this, we feel that the concept of national unity must be revised, by getting away from the narrow concepts, both in the FSLN and in other parties, of their own organizational interests.

We should recognize that national unity must come about as a consensus around the fundamental points that the country requires...

Question: Are you suggesting, then, that we return to the national reconstruction plan?

Answer: We think that the reconstruction plans have not been abandoned; rather, over time specific aspects of the plan have had to be dealt with.

Question: Do you think that when the FSLN organized the Augusto C. Sandino Foundation it was diverting the interests of national reconstruction towards specific partisan interests, inasmuch as the foundation channels overseas donations into the FSLN party?

Answer: Well, we are free to take such initiatives. Whether donations from overseas are made for national reconstruction or for political parties depends on how clear an idea these people have of actual conditions in Nicaragua. In the case of government-to-government aid, it would be a mistake to give preference to sectarian interests.

Question: Would the national unity you are advocating take shape around the Patriotic Front?

Answer: We think that the Patriotic Front is a major alliance but that national unity does not stop there. Such unity could take shape around a more broad-based organization in which the forces opposed to the government could talk things over and eventually take united action.

Question: Are you suggesting a reshuffling of the Council of State?

Answer: The Council of State would clearly be the right organization. We cannot go around setting up overlapping organizations, because the council is the body on which the national forces ought to be represented. I think that measures should be taken to have all economic and political forces duly represented on it. We cannot continue to have cases of one sector attacking another...

Question: Is your party's lack of involvement in the FPR due to the fact that the Sandinist Front no longer regards the FPR as important or that the Sandinist Front is confident of its position of superior military strength?

Answer: It is due, rather, to an incomplete, overly optimistic analysis in certain sectors of the FSLN, which has given the FPR a peripheral image. We have not noted any use of a position of strength in relations.

The experiences that we have had with patriotic fronts in countries like Bulgaria and Czechoslovakia is that they are central bodies with influence in social life and on the country's leadership, which gives them a higher status than as peripheral organizations.

Question: Don't you think that the FPR's lack of influence is due, instead, to the fact that the four parties in it do not represent the various segments of the populace?

Answer: I think that its importance is qualitative rather than quantitative. We have no way to gage who is bigger or smaller. The FPR is important because it is a broader-based deliberative body that could help in making prudent decisions regarding the country's problems.

Question: You stress in particular in your document that Nicaragua ought to modify its foreign policy. [illegible] this an FPR or a PPSC proposal?

Answer: It is a proposal [illegible] ours. I recently traveled to the United States and was able to look into [illegible] image that Nicaragua has there, the reports that are coming in and the grou[illegible] that sympathize with the Nicaraguan Revolution, who, nonetheless, bring up some points that must be taken into account.

We also have other information about the situation overseas that ought to be taken into account and put before the Nicaraguan people so that they can be informed as to what is happening.

In the first place, we feel that rhetoric must be abandoned as a foreign policy tool. Rhetoric is obviously being employed, at times spontaneously, and it creates an overseas image of Nicaragua that is probably deep-down not the kind we are after.

This is one of the points that we bring up: in pursuing a foreign policy, Nicaragua must take into account the current international picture, where the change that has occurred in relations between the two superpowers plays a major role. U.S. foreign policy towards Russia has shifted now that Reagan is in office, and we cannot deal with this shift with the same position we had previously.

The relations between the two powers used to be different, based on an understanding. This has changed a great deal now, and we have to take this into account and develop a foreign policy that does not drag us into the United States-Russia rivalry.

As an independent country we must develop our own foreign policy, bearing in mind these two factors, of course: being neither anti-Russian nor anti-the people of the United States.

This is a game that, if we get involved in it, could lead us into a more direct confrontation in the form of economic, political and, perhaps, military intervention.

We must be careful not to get dragged into something like that.

Question: You forget one factor in your analysis. Ever since the Sandinist Front took power, official speeches have contained attacks on the U.S.

Government. In contrast, neither the Carter nor the Reagan administration have come out officially against this government. The State Department has even denied any Nicaraguan involvement in El Salvador.

Answer: What is happening is that positions can be expressed in other ways. But this is something that we want to emphasize. Nicaragua has employed aggressive rhetoric against the United States, and the Carter administration allowed some room for this. It was even abused somewhat. Even though he was president of an imperialist country, Carter allowed the Nicaraguans some latitude for action, and I think that this was one factor in the Nicaraguan people's triumph over Somozism.

But the administration there now is narrowing our maneuvering room, and we have to take this into account, because we cannot continue with this hawkish, aggressive attitude towards the United States. Deep down this is possibly what the reactionary sectors in the United States want: to get us into a direct confrontation, in which logically we Nicaraguans would be the losers.

Question: Don't you think that Soviet interests are also involved in this international picture, because what we practically have is not a confrontation among Central American countries but a "sizing up" between the two world powers, Russia and the United States?

In fact, an American mission is in Europe right now presenting proof of Soviet intervention in El Salvador...Will Nicaragua and Central America thus become guinea pigs in the new relations between the two world power blocs?

Answer: That is why we are saying that Nicaragua ought to take more of a stand as a nonalined country and pursue a realistic, less idealistic foreign policy based on an in-depth analysis of outside factors. We have to abandon rhetoric now.

Question: You have touched on two closely related points: a new Nicaraguan foreign policy and a more active role for Nicaragua among the nonalined countries. I assume that this stems from a comprehensive analysis of the interests of the two superpowers, Russia and the United States, and from the conclusion that the countries of the Third World have an opportunity, perhaps only one opportunity, to take part in shaping world events, and that would be through the nonalined movement.

Answer: Given Nicaragua's position and what it means to Latin America, it could influence the nonalined nations through a quite flexible, independent and, at the same time, revolutionary line. Proof of this was the meeting in India, where Nicaragua was on the Political Analysis Committee. If it succeeds in thus giving voice to an increasingly deep-seated policy of non-alinement, Nicaragua could contribute to liberation movements...

Question: In what way do you think that Nicaragua could contribute?

Answer: By stating that not every liberation movement pursues the Marxist-Leninist revolutionary line but rather that there can be various revolutionary expressions to which other progressive ideologies can make contributions, thus shaping revolutionary movements that meet the needs of such countries without joining the Soviet bloc, shall we say. A country does not have to adopt the traditional model of Marxism-Leninism.

Question: I would like to emphasize this aspect of the balance of internationa forces and the role that Nicaragua has been playing with its foreign policy.

If we come to the conclusion that when all is said and done the world balance or imbalance will be decided by the Russia-U.S. duo (the two world power blocs), what influence will the foreign policy pursued by the FSLN administration since the takeover in 1979 have had?

How important are the recent political agreements between the Sandinist administration and socialist governments like Russia, the GDR, etc, at a time when the United States and Russia are spelling out their foreign policies.

Answer: I think that it is positive for us to have relations with other countries, without subordinating our national position. But I also think that countries are like people, who cannot be treated like chess pieces by the big powers in pursuing their interests. Therefore, Nicaragua should not subordinate itself to individual policies, which does not mean that we ought to terminate cooperation programs or break diplomatic relations. And we must heighten Nicaragua's role as one of the nonalined countries...

Question: The movement of nonalined countries, whose current president is Fidel Castro, has been seen as alined with Russia. Do you think that the pro-Soviet line should be continued or should there be a shift towards an independent line such as the one that began to emerge from the recent conference in India? (Cuba was criticized at the conference for having vitiated the spirit of the nonalined movement.)

Answer: In my opinion, Nicaragua must play an enterprising role among the nonalined countries, in the sense of channeling its presence there not toward specific interests but towards the interests of the Third World countries, by attempting to analyze their problems and develop a position of strength.

Logically, since Cuba is identified with Russia, its tendency in principle is to channel the movement of nonalined countries towards a pro-Soviet line. Despite all this and even with Cuba, the Third World could take a much more flexible, more enterprising stand through the nonalined nations, because this is a way of shaping a policy to support liberation movements in Third World countries. When a stand is too obvious, pro-Russia in this case, the result is to thwart Third World liberation movements by making them look as if they are directed by Russia when that is probably not the case. That is counterproductive aid.

Hence, Nicaragua's role in the nonalined movement must be to become thoroughly familiar with the problems of its member countries by analyzing the various situations one by one.

Incident at the Airport

Question: What do you think of the incident at the airport? Is the alleged political education that the Nicaraguan people are receiving from their current leaders proper?

Answer: We feel that political education must enable the people to get involved in and mobilize for politics to create a deep-seated climate of peace in our country.

The Nicaraguan people fought against the Somozas only because they offered us violence and death. The people were seeking a society of peace and work.

All of us in any government institution have a duty to take this country along paths of peace. This does not mean that we should not be prepared to repel aggression by the National Guard, but we are obliged to seek peace and secure freedom of political mobilization so that the people can get to know various political ideologies and choose among them. I am certain that the Nicaraguan people will choose progressive ideologies.

Leaders must adopt a mature position on public opinion by avoiding demonstrations that generate tensions, because they appeal only to the emotions, not to the power of reasoning that is the hallmark of the human person.

We are not in agreement with what happened at the airport and even less so because government vehicles were used.

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BORGE LAUDS MILITANTS ON ANNIVERSARY OF SANDINO'S DEATH

Managua BARRICADA in Spanish 22 Feb 81 p 3

[Speech by Commander of the Revolution Tomas Borge, member of the National Directorate of the Sandinist National Liberation Front (FSLN), during the keynote ceremony commemorating the 47th anniversary of the assassination of Augusto C. Sandino, the general of free men; date and place not given]

[Text] People of Nicaragua:

It has been said in recent months that this would be the first group of members of the Sandinist National Liberation Front. Our National Directorate decided that it would be the second group. We wanted this ceremony commemorating the death of the father of the people's anti-imperialist revolution, at which the first membership cards are to be handed out, to be held before and with the people. Sandinist militants are and must be men and women whom the people place in the vanguard of their historic challenge.

The First Group Consisted of Our Fallen Heroes

Why isn't this the first group of Sandinist Front militants? It is within the FSLN's new party structures but it is not from the standpoint of our history.

I think that we Sandinists are humble enough to admit that the first group of militants consisted of the people who played their revolutionary role in the darkness of night, in the catacombs, close to fatigue and danger, the people who heard only the song of the birds in the mountains, the silence of the underground and who in the end departed blood-stained and motionless only to return sweet, bright and unchanged to us, the apprentices of their heroism, their devotion, their exemplary militancy. (Applause)

They were the vanguard of the vanguard. It is a privilege to be a member of the Sandinist Front now. It is a privilege to be members like them, that is to say, to have the same rights and duties as they had.

Membership is the Privilege of Sacrifice, Modesty and Discipline

It is a privilege, but not the privilege of those who inherited a large landed estate or a company or a famous name. It is the privilege of sacrifice, the

privilege of modesty, the privilege of dignity, the privilege of daring, the privilege of discipline, the privilege of revolutionary integrity.

At this point in our revolutionary development, what is it that we call sacrifice? Sacrifice is duty, the willingness to forget about resting, to put aside the sun and sand of the beach, to waive the lovely right of violins, the moon, vacations, the rocking chair on the front porch.

Sacrifice means working without looking at your watch. Sacrifice means a war on bad habits, selfishness. The privilege that I am talking about is the privilege to forget oneself and devote oneself entirely to the interests of the homeland, the uplifting of the oppressed. To die for the revolution and for the revolution is now too big a privilege. To die for the homeland and for the revolution is to take a few steps towards the stature of Sandino and Carlos.

To Die for the Homeland and the Revolution Is the Greatest of Privileges

It is an honor to die for the homeland and the revolution. It is, in fact, the only honor to which we should aspire. To die for the homeland and the revolution is not a sacrifice; it is the greatest of privileges. Sandino said: "We will go towards the sun of freedom or to our deaths. And if we die, others will follow us."

He knew that death is a nimble, bold pony that all revolutionaries ride. He was not suicidal. No revolutionary is suicidal. He loved life, he loved the rivers, the trees, the long hands of his people and, nevertheless, he asserted: "If we die, others will follow us." He was expressing his indestructible faith in the people, in the oppressed, from among whom he emerged to defend the dignity and sovereignty of the homeland.

Sandino had the faith of prophets, the faith that some day he would be reborn from his blood, and he was. He took many pseudonyms; his name was German, Rigoberto, Eduardo, Casimiro, Camilo, Julio, Pedro, Roberto. His name was and is Carlos Fonseca, but his name has never ceased to be Augusto C. Sandino.

A Revolutionary's Life Is Loyalty to the Homeland and to the FSLN

The willingness to die for the homeland and the revolution obliges us to live every moment with joy, to experience the light of every dawn, the moments of faith, happiness and joy that our people attain every day. The life of a revolutionary is water turned into wine, a beautiful experience that renews itself every minute.

It is a denial to put on clothing without feeling the cold of devotion, the desire to take risks, loyalty to our anthem, our flag and our homeland. The life of a revolutionary means solidarity with peoples, discipline, unlimited loyalty to the party. The life of a Nicaraguan revolutionary is loyalty to the national anthem and flag, to Nicaragua, unlimited loyalty to the Sandinist National Liberation Front. (Applause)

Carlos Fonseca Continues To Be the Leader of the FSLN and of Sandino's People

The Sandinist Front was founded by Carlos Fonseca, a man, a friend and a master who combined patriotism with revolutionary theory, who saw love and authority in his telescopic and microscopic eyes. Carlos was led by men and Carlos was also a leader of men. And in a way, he is still a leader of men.

What men? The militants in the Sandinist Front, Sandino's people, the Nicaraguans who renounced the past and joined the long march towards the manna that our workers will produce, towards the rivers of milk and honey in our Sandinist anthem, in Nicaragua's geography, in production programs, in the creative efforts of our people.

Silvio Mayorga Said That Sandinist Militancy Is Our Greatest Honor

Close by Carlos is Silvio Mayorga, a combatant, a man who shines with his own light, a cofounder of the FSLN, a heroic militant who reminded his comrades every day on their long marches, in their camps surrounded by hunger and danger that a Nicaraguan's greatest honor was to be a member of the Sandinist National Liberation Front.

Our greatest honor is to be born every day for the revolution, like Carlos Fonseca and Silvio Mayorga, and to be members observing the same principles that brought these extraordinary men to life and that made our victory possible. It means thinking 24 hours a day about the poor, the humble, the exploited, for whom the Sandinist National Liberation Front was formed. Our greatest honor is to be militants, living austerely, simply, taking care of our reserves and our resources, with our eyes open and watchful. It means rejecting the arrogance that denigrates and humiliates both the one showing it and the one it is aimed at. Our greatest honor is to be militants, standing tall in the face of threats from our enemies.

Membership Is a Right That Must Be Earned

Receiving the card we have received today means being like Sandino, like Carlos, like Silvio. All Nicaraguans are entitled to it. They have the right and the opportunity to become members of the Sandinist Front. But this right must be earned with courage, selflessness and daring, just as a machine gun nest is captured. The right to be a Sandinist militant is earned at work, in the militias, in the mass organizations; it is earned with modesty and brotherhood by overcoming our limitations and mistakes. (Applause)

The corrupt, the cowards, the opportunists, the faint-hearted, the hesitant, the swell-headed, those who are incapable of dreaming of the future, of crying over a dying child and of laughing over a singing child, those who have the hearts of slaves, those who have sold their souls to imperialism, those who are incapable of love, those people can never be members of the Sandinist National Liberation Front!

Our Finest People Are Entitled to Be Members of the FSLN

Our finest workers, our finest students, our finest priests, our finest combatants, our finest militiamen, the most selfless activists in mass organizations, our most efficient and selfless officials, the businessman who can renounce the calf of gold, those who are brave enough to tear themselves down and build themselves up again, those who love, those who are moved, those who appreciate flowers because flowers make men happy, the generous, the bold, the brave, those who are willing to suffer and shed their blood for the people, these people have every right to become members of the Sandinist National Liberation Front.

A Sandinist Militant Is a Leader of Aware Men

There are great responsibilities to being a member of the Sandinist Front. A militant is prudent in strategy and daring in tactics. He is a leader, not a master. He is not above the people; rather, he places himself at the head of the people to guide them with his example and his directions. He is a leader of aware men, not of sheep. He wins the right to be heard and respected with his selflessness and example. He must be in the vanguard when the time comes for sacrifice, work and combat. To Sandinists the people are and must be like the fire of the gods, as vital as water, air and food. To Sandinists the people are the root and the horizon, the beginning and the end. A party that does not devote itself to the people is a party of idiots, retards and blind men. If a Sandinist is in the vanguard of everything, he must above all be in the midst of the people.

And if a Sandinist is in the vanguard of everything, he is in the rear guard when the time comes for honors. Sandinists are bold in combat but shy in accepting recognition.

We Sandinists Neither Sell Ourselves Out Nor Surrender

We are not, of course, enemies of recognition. We must be fair and generous with our recognition of those who worked and sacrificed but never sought recognition. The membership cards, today's mentions represent recognition. Our comrades have received them with exemplary revolutionary modesty. And those who are going to receive them will do so with equal modesty, but they would not exchange them for any material riches. How much would you sell your membership card for, Eden? How much would you sell your card for? None of you would sell it for all the money in all the banks in the world or for all the treasures of the Thousand and One Nights. How much would you sell your card for, Fernando? Would you exchange it for the Nobel Peace Prize?

I know that you deserve it, and it would be just if they gave it to you, but I also know that you wouldn't exchange it for that prize or all the prizes in the world, because the card is priceless, because we Sandinists cannot be bought. Nobody can buy us off. Nobody can make us surrender. Our membership card is a treasure in the conscience of a revolutionary. Our wealth is

creative work, the willingness to serve in the trenches, to carry a rifle, to die. Who can buy daring, boldness or a disdain for danger? Who can buy loyalty, love for mankind, tenderness? There are those who sell themselves, there are those who conform, there are those who tremble with fear or pleasure in the face of their imperialist masters. We Sandinist militants do not sell ourselves. We Sandinist militants do not surrender.

Struggle To Forge a New Nicaraguan, a New Society

As we stand firm beside our furrows, machines or guns and paint this image of militants, it is not because we are romantics or dreamers. There are those who might believe that it is impossible to forge a new Nicaraguan. There were those who thought it was impossible to assault the Somozist hell and attain heaven. The Nicaraguan people, led by the Sandinists, achieved this feat.

It was difficult. It will also be difficult to tap the energy of our rivers, clean up and turn our two great lakes into communication routes, build factories and universities, transform the skin of our malnourished citizens into the glowing skin of strong, healthy individuals. It will also be difficult to multiply loaves of bread in the wasteland of destruction and disorder, to turn Managua and all our other cities into garden spots.

Reproducing the earthy, grassy smell of calves, plowing and sowing the fields, harvesting the sweat of our workers. It is difficult, extraordinarily difficult to undertake the feat of development and abundance, but we will succeed because there is nothing that a revolutionary people cannot do.

If it is difficult to reconstruct a country, it is even more difficult to reconstruct men. Man is a product of his environment, and our environment has been that of a decaying society, a society of exploitation and poverty, a society of backwardness, of masters and slaves.

But there is a revolution now, and that is a new environment. It highlights the difference between the past and the future. In each and every one of us an unremitting struggle is going on between the values of the society we wish to destroy and the values of the society we wish to build, a struggle between selfishness and generosity, between individualism and solidarity, between wastefulness and austerity, between hatred and love, a terrible struggle from which we will emerge victorious by resolving these irreconcilable contradictions in each Sandinist conscience.

Ideological Strength Is Our Best Weapon

An awareness of the contradiction is a prerequisite to victory. Political and ideological strength are the weapons with the most firepower to do away with weakness. But the struggle is not only personal; it is collective as well. It is a social struggle. Therefore, we must collectively clarify the meaning of this daily battle. Our entire people must grow politically and ideologically every day and develop their revolutionary morale. Only then will dawn cease [illegible]

We Must Be On the Alert Against Imperialism and Traitors

The traitorous bourgeoisie and the imperialists have been defeated in Nicaragua but they are struggling to survive. We must be on the alert, vigilant, distrustful, with our guard kept high. They no longer have power but they are resisting like cornered animals and attacking us.

They pitilessly and brutally make use of lies to confuse our people. They use the press and the radio to spew out their stale, rotten ideas at us. They are trying to blackmail us economically, threatening to take the food out of our mouths so that we will sink to our knees. They make emotional efforts to convince us that crime is a necessary evil.

They attack the efforts of the people to learn how to read, the people's first efforts to master science, the arts and technology. They offer us their repugnant propaganda, the vapid consumer market, the love for individual wealth, the trips to the miasma called America. They show us their lewd advertisements, a world of bloodthirsty, pleasure-hungry wolves and tigers. They are trying to convince us that the people cannot be masters of their fate. They say that our democracy is totalitarian. They say that international solidarity is foreign intervention. They want to rob us of our right to be Nicaraguan, to be Sandinists, to be patriots, to make common cause with the peoples of Latin America. This struggle, which will be long, difficult and violent, can only conclude with the defeat of the old society and the victory of the revolution.

The Main Instrument of Victory Is Example

And what are the instruments of victory? What are the revolutionaries' weapons? The revolutionaries' main instrument and most powerful weapon is example, the example that each Sandinist militant gives our people. I am talking about the example of being the first to boost production, the first to salvage our national values, the first to develop a new style and a new attitude in communicating with the masses, the first in combat preparedness, the first to sweat and the last to rest, the first in solidarity, the most efficient in government administration, the most studious, the ones most convinced that science, the arts and technology belong to the people, the first to realize that the Sandinist Front is not a club or an elite or a group of special men, but a group of simple, common, average men who are different from others only because of their selflessness, their modesty and their love of mankind.

A New Grass Roots Morality Must Be Developed

It is not enough for us to respond every day to the lies of reactionaries. We must develop a new revolutionary, grass roots morality with our daily example, with everyday activities among the masses. We must undertake, without delay, to resurrect the truth, which is often hidden beneath the rubble of a society that refuses to die, beneath the mountain of lies that has grown up over the centuries.

Each Nicaraguan represents a truth that can be salvaged only by the revolution. Only in this way will we be able to perform our vanguard role.

The Vanguard Is Aware of Its Responsibility To Build a New Society

The vanguard, comrades, is not an abstraction. The vanguard has a face, bones, blood and an awareness. The vanguard consists of the men and women who headed up the struggle of a heroic people. They did not, however, settle for being heroic leaders, they have become aware of their enormous responsibility to develop themselves and build a new society.

The militants in our vanguard emulate the qualities of our founders Carlos Fonseca and Silvio Mayorga. These revolutionaries realize that membership is won and maintained or lost and that this depends on each one of us, on our capacity for growth, our capacity to be just, our capacity for love, our capacity to be true sons of the man who sacrificed himself 47 years ago, the man who founded the National Sovereignty Defense Army, the man who when asked to lay down his arms replied in his simple worker's and prophet's voice: "I neither sell myself nor surrender. I want a free homeland or death."

Referring to the wealthy, the traitorous dogs, the enemies of our people, Sandino said: I address myself to you, traitors and pamphleteers, get down on your knees, because I am going to invoke the sacred names of our unflagging brothers who gave their lives to liberate our homeland."

Leonel Rugama has spoken to us, saying: "I want to speak with you now, or rather, I am speaking with you now. I want to speak to you about the saints, about what the saints were like, about the people who were our saints." What he meant was that the members of the Sandinist Front ought to be like saints.

We must be like them, the people who have given their lives. We must be like them, who gave their blood. We must be like them, who never hesitated.

Like Carlos Fonseca, like Silvio Mayorga, like Santos Lopez, like Rigoberto Cruz, like Casimiro Sotelo, like Julio Buitrago, like Oscar Turcios, like Eduardo Contreras, like Carlos Aguero, like Pedro Arauz, like Jose Benito Escobar. We accord every recognition to them. We respectfully bow our heads low to them

Long live the immortal memory of Augusto C. Sandino. Long live the immortal memory of Carlos Fonseca and Silvio Mayorga. Long live the memory of our glorious martyrs. Long live the Sandinist National Liberation Front. Sandino yesterday, Sandino today, Sandino forever.

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COMMANDER NUNEZ DISCUSSES HISTORICAL HERITAGE OF FSLN

Managua BARRICADA in Spanish 21 Feb 81 p 3

[Interview with Commander Rene Nunez, member of the National Secretariat of the Sandinist National Liberation Front (FSLN) and secretary of the National Direcorate; date and place not given]

[Text] Question: We have learned that the FSLN will incorporate its first group of members on 21 February to commemorate the 47th anniversary of Sandino's murder. What does this involve? What is its significance?

Answer: We cannot really talk of a first group of members of the Sandinist Front. In its history the Sandinist Front has had many groups of militants. We feel that the main objective of this membership ceremony is to keep alive this history, this idea of having Sandinists reaffirm their commitment, their combat readiness and, of course, to devote themselves selflessly to the tasks of the revolution. Logically, this is an individual, voluntary commitment between members and the party.

I said that we cannot speak of a first group because we really feel that the Sandinist Front's first militants were the comrades who gave their all for the Nicaraguan Revolution, for the Sandinist People's Revolution at a time when the front was operating under very difficult conditions. The first group of Sandinists really consisted of all the heroes and martyrs of the FSLN who fell during the 20-year struggle to achieve a free, sovereign and independent homeland, to create a grass roots, democratic and anti-imperialist revolution.

Strengthening the Party

Question: What steps are being taken to build up the FSLN as the party of our Sandinist Revolution?

Answer: We would not call it the building of a party; we would call it the strengthening of the FSLN party, because independently of its, shall we say, individual features and the overall difficulties and shortcomings we have had as a revolutionary organization, as a political party, the Sandinist Front has always been, since its founding, since its birth and during its development, a political party. Of course one of our hallmarks, perhaps one of our greatest contributions and one of our greatest experiences, is that we have always been

efficiently dialectic, sufficiently enterprising, that we have always been equal to the occasion, to new developments, to victory, and in keeping with these situations we have bolstered the development of the Sandinist Party.

So then, when we speak of a party, we are basically talking about strengthening our organization and, of course, tailoring it to the tasks of the revolution, basically in the sense of making it an organization that is always vigorous, streamlined, effective, creative and capable of coping with the problems placed before it.

We are now expanding and developing the party in keeping with the needs of the revolution, in keeping with the problems we face and the difficult situation we are in, which we are obliged to come up with an answer for, in this case the best answer, so that our people can secure their historic undertaking with a minimum of sacrifices.

The People Have All the Tools To Keep Power

Question: The reactionary groups in the country call our organization the "united FSLN party." What, in your opinion, is hidden behind this description?

Answer: I would say that it reveals the hallmark of our reactionary elements, the elements of the old society who have never called things by their names and who have always hidden behind a wall of words and hypocrisy. By describing us as an armed party [sic] they want to indicate that the Sandinist Front is not a civilian, a peace-loving party but rather an aggressive, warlike party or a party composed of nonpolitical elements with an exclusively military viewpoint.

They also reveal their ignorance by the methods of struggle that they have always employed. Moreover, their line coincides with a number of factions of international reactionaries also pulling in that direction. We have, in fact, been a political party since our founding. The fact that we were forced to arm ourselves, to wage war, to die, to sacrifice ourselves was not just for the sake of it; this was a historic necessity. The fact that our weapons are ready today to defend the homeland, the revolution, the country, to defend the government, is also a necessity that history has forced upon us, but even more than history, our enemies have forced this upon us, especially our overseas enemies, who have unfortunately found spokesmen, struck a responsive chord among domestic reactionaries, who are the ones trying to confuse our people. As I said, as far as we are concerned, this merely reflects the approach of always being ready to follow the guidelines of outside elements.

Unfortunately, our political history has always been characterized by the docile attitude of those who called themselves only politicians and who spoke of patriotic struggles even while maintaining an army to repress the people's longing for freedom and resorting to coups and brutal repression by the armies that called themselves apolitical but were in the exclusive service of the ruling reactionaries in the country and against the people and who are today

raising an outcry because the people are really armed, because most of the country is really armed and because these weapons and the people brandishing them are guaranteeing the country's future and burying the country's reactionaries to a great extent or once and for all.

In other words, they have identified their enemy as the people of Nicaragua. They have a gut-level fear of the people, who have all the tools to keep power and to make use of it against anyone trying to wrest power away and return to the previous situation. It thus stands to reason that they should become the spokesmen of the international reactionaries, because they have the same interests. Behind their description lies the ambition to take the people's weapons away and at the same time, to wrest power from them.

Sandino and the Revolution

Question: And how is Sandino's legacy embodied in strengthening the party?

Answer: We cannot speak of Sandino in the Sandinist Front without speaking of Sandino in the revolution. I mentioned before that we are a new revolution, that the Sandinist Front is a political party, a new political organization, that it was not part of so-called traditional politics in the country, both as to its approach, structure and behavior, and I said that because we really have been faithful heirs of Sandino.

I remember that when Sandino took up his struggle, the struggle for the independence of Nicaragua, for the sovereignty of Nicaragua, his anti-interventionist struggle, his grass roots, democratic struggle, he said when he decided to separate from Moncada that "the people are without leaders, and now it is up to the people to create their own new leaders." Sandino was tossing the first few shovelfuls of earth on the graves of the so-called traditional Nicaraguan political parties, which had been constantly trying to profit from concessions, subservience and surrendering the homeland to American imperialism without ever taking the people into account. I cannot forget the words of Jose Maria Moncada when Sandino protested to him about the Espino Negro Pact. He said: "Don't try to be a redeemer because you'll be crucified." These are the classic words of a reactionary, of the people who get involved in politics for personal reasons, to make a business out of politics, to make a business out of the sacrifices, blood and hopes of the people. This has been the guide for every Nicaraguan political schemer, for all the parties that are today clamoring for democracy and trying to employ the same kind of politics that they have seen disappear under our revolution.

I told you that we cannot speak of Sandino in the party without speaking of Sandino in the revolution, because the revolution itself is the expression of Sandino's political, ideological and program legacy, and it was the Sandinist National Liberation Front that announced and that has been carrying out this program. When we began announcing it, when there were just a few of us, when we were regarded as visionaries, I remember that these same traditional politicians looked at us as they looked at Sandino in his time, as if we were madmen, adventurers.

ARISMENDI COMMENTS ON ECONOMIC ISSUES

Montevideo LA MANANA in Spanish 14 Feb 81 p 1

[Report on interview with Economy and Finance Minister Valentin Arismendi; date and place not given]

[Text] The economy and finance minister said yesterday that the agricultural sector's most immediate problem is unquestionably its debts, but he cautioned that he did not want to foster false hopes. Therefore, farm product prices will not be altered by any government measure, although minor corrections could be made in administrative matters.

In touching on this and other topics of current interest, Valentin Arismendi, an accountant by training, reaffirmed to the press that there is no justification for a change in economic policy because of the Argentine devaluation. He confirmed that work is continuing on the projected free trade zone with Argentina and he voiced the view that the renting and housing situation would be corrected in 2 or 3 years.

He stressed that all corrections to the system of rental adjustments are temporary and are aimed at achieving a permanent solution.

Valentin Arismendi was first asked about the announced salary law for public officials.

"The groundwork is ready," he replied, "but there can be no doubt that the job is a highly complex one. This is because in order to make the oft-mentioned 'equal pay for equal work' formula a reality, we have to draft job descriptions, and this is the complex part, because among civil servants (and I am referring exclusively to the Federal Government) we have white-collar workers, blue-collar workers and professionals, all of whom perform jobs that administratively speaking might be similar but are quite distinct from a technical or specialized standpoint, and we have to come up with an arrangement for leveling the ...t."

He went on to say that "this is what has caused the delay and this is also why we asked the Executive Branch for clearance to continue the leveling out begun 5 years ago, until the law takes effect."

He was then asked whether he had any idea of when the law might go into effect. "I think that it should be ready for submission to the Council of State during the last 3 months of the year," the minister answered.

No Changes

Arismendi was then asked a series of other questions, one of which was: Might Argentina's devaluation alter Uruguay's economic policy somewhat? In particular, could this affect the projected free trade zone between the two countries?

"We do not think so. Shortly after the measure was taken, we were summoned by the president and the commanders, and you are familiar with the result, because the commander in chief of the army reported, at the military level shall we say, that no change was justified. I would contend the same thing today: no change is justified."

Free Trade

"As far as the free trade zone is concerned, we are still working on the idea, and before the present Argentine economic team leaves office we will very likely have another meeting and even set a date for one with the incoming Argentine economic leadership soon after General Viola takes office. I do not think that these developments will prompt changes in the idea of an association and I feel that each country will pursue its policies and try to be as efficient and competitive as possible. Devaluing obviously does not mean enhancing competitiveness. Even if it did, it would be a very temporary advantage, and hence what ultimately remains is what is really important. I think that we can continue thinking about competing quite well with Argentina," Arismendi indicated.

Farm Situation

Inasmuch as the new agriculture minister has pointed out that the government is studying a number of measures and that some of them have already been mentioned, such as, for example, extending the payback period for farmer debts, Arismendi was asked: What specific measures is the government preparing, and when will they be made public?

"That, of course, is up to the minister of agriculture and fishing. We have held several meetings and we hope to conclude all this when he returns. Thus, I do not think this is the right time to spell them out. I do want to mention something, however, and that is that I have never liked to foster false hopes. The agricultural sector's most immediate problem is unquestionably its debts. But its most serious problem is perhaps prices, profit margins. In this regard, we might make some minor corrections in administrative aspects that are making it difficult for the growers to receive world prices. But there can be no doubt that the situation on world markets does not give us reason to be too optimistic about prices. Hence, we cannot expect the government to correct things that are beyond its control, especially in the case of a country like Uruguay, which only receives market data. If we had a market like Argentina's, where they consume 85 percent of their meat and export the other 15 percent,

we could subsidize exports and promote a better price for cattle by just having our people make a small sacrifice. But our country consumes two-thirds of its cut and exports the other third; therefore, upping the price would entail a very big sacrifice for consumers, and we cannot pass the problem on to consumers.

Exchange Rate

Inasmuch as there is a marked difference between the value of the dollar as quoted at the Central Bank and its value at other banks, the minister was asked: Is this due exclusively to the virtually massive dollar purchases that Argentines are making in our country?

"I couldn't say exactly what the cause is. But the fact is that our market is absolutely free, responding to the fluctuations in supply and demand, and therefore I think that the situation will tend to correct itself over the next few days. Ours ought to be one of the freest currency markets in the world, and we therefore have to wait for the market to respond."

Rents

Another major issue that the economy and finance minister was questioned on was rents, especially in the city.

There has been talk recently that the current rent system would have to be improved, as long as the gap between the rent adjustment index and the inflation rate were maintained. The minister was thus asked whether there were any new developments in this regard.

"We are handling the rent issue with the care and seriousness it deserves, because it is unquestionably one of the most difficult issues we have to deal with. The January cost of living index was up 2.18 percent. Developments in food prices were excellent, up less than one percent. They were even better in clothing prices, which were up just 0.28 percent. The miscellaneous category did tolerably well also, up 2.04 percent, but housing was up 5 percent. So I think that all of the corrections that we are applying to the rent adjustment system are temporary and aimed at a transition, because as I have always said, the real solution to the housing problem is the policy that the Mortgage Bank has been pursuing for some time now. In other words, we cannot correct the situation if we have no housing. It is very hard to resolve a housing shortage such as Uruguay had through laws or decrees and to achieve even-handed justice between landlords and tenants. We feel that if the pace of construction that the bank is spurring continues, especially now that it has come in with the repayments on its portfolio to build middle- and low-income housing, the problem will gradually be resolved. I am not going to say this year, but it will be taken care of once and for all in 2 or 3 years.

With regard to your specific question, I can point out that the index has been corrected, the UVA has replaced the UR. This is intended to dampen the fluctuations of the cycles, but we should remember what happened in 1979, when [illegible]

other words, they were below the inflation rate. The problem with any index, when we wish to refer to the past, is that when the country is headed for another outbreak of inflation, the index lags behind, but when inflation is falling, as it is now, we get the same trip [illegible] the USA or the UK. In [illegible] way or another we are paying for a previous [illegible]

In conclusion, the minister was asked: How large will the family allowances for public officials be?

Valentin Arismendi replied: "We are getting together the signatures for a decree to make the three percent corrections again to level everything out, and we hope that it will take effect soon so that they can be paid out before Mardi Gras."

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BRIEFS

EXPORTS TO USSR--The Soviet Union, which is suffering from a major shortage of foodstuffs in general, could become a direct purchaser of Uruguayan butter, according to reports that LA MANANA heard last night. Our informants pointed out that CONAPROLE [National Milk Producers Cooperative] recently marketed $3 million worth of butter in France. The shipment was not, however, destined for the French market; it involved a three-party transaction with the Soviet Union as the ultimate market. CONAPROLE sources had pointed out that the USSR was suffering from a major shortage of foodstuffs in general. The same sources emphasized that this situation could open the door to Uruguayan exports, including dairy products, of course. Therefore, keeping in mind CONAPROLE's stocks, it is currently trying to establish contacts to sell directly to Russia without middlemen, they added. This would benefit the sector and also gain the country a new market. We should remember that CONAPROLE's exports totaled $14 million last year and that they are expected to top $20 million this year. Therefore, if it gains a new market like the USSR, its sales would increase sharply, in view of the aforementioned $3 million purchase. [Text] [Montevideo LA MANANA in Spanish 12 Feb 81 p 7] 8743

JANUARY PRICES UP--The cost of living in January, as reflected in the general index of consumer prices, rose 2.18 percent from December. This is an appreciable decline in comparison to January 1980, when the index was up 4.4 percent from the month before. This means that inflation has begun to abate, as Economy and Finance Minister Valentin Arismendi predicted for this year. The rise in the index came mostly from housing (1.44) and the miscellaneous grouping (0.48 percent), which includes transportation, medical care, personal care items, education, recreation, cigarets, etc. The individual categories making up the overall index recorded the following rises last January: food, 0.56 percent; clothing, 0.28 percent; housing, 5.7 percent, and miscellaneous, 2.04 percent. The General Statistics and Census Bureau has announced through the Secretariat of Planning, Coordination and Information, that the tables with the detailed statistics for January 1981 will be published in its bulletin and simultaneously in the Official Gazette. [Text] [Montevideo LA MANANA in Spanish 14 Feb 81 p 7] 8743

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ESTEBAN REY QUESTIONS STABILITY OF COUNTRY'S DEMOCRATIC SYSTEM

Caracas EL UNIVERSAL in Spanish 6 Mar 81 Sec 1 p 13

[Article by Luis Esteban Rey: "Before 1983...?"]

[Text] In a very interesting interview that he held with EL NACIONAL (Ramon Hernandez was the intermediary), the political expert Anibal Romero, professor at Simon Bolivar University and at the Naval War College (Romero took a postgraduate course in military strategy, and also studied philosophy and political science, in London), said something that should concern all of us; not because it was unique, but because he stated quite naturally something resembling a doubt that has been cropping up in the minds and conversations of many Venezuelans who are disturbed about the fate of their country.

Commenting on the national political situation, Anibal Romero cited the need for political leadership. This is something else that is also part of all the discussions or, if you will, all the jabbering about Venezuela, its present and its future. Ramon Hernandez, shrewd and inquisitive reporter that he is, next asked him whether leaders could be pulled out of a hat, in an act of magic. Of course, Romero gave a negative answer. He then mentioned Rafael Caldera, adding that his presidential candidacy (which some consider premature) is related to the internal crisis in COPEI [Social Christian Party] and to the desire of Venezuelans to seek a solution within democracy, "and for this purpose we need the foresighted individual." However, the professor went on to say that this would not solve the crisis. Caldera, or whoever it might be, must offer ideas, programs and the team that will accompany him, etc. And immediately thereafter he uttered to us the remark that prompted this commentary: "The next president, if democracy is not destroyed before 1983, must govern with the mark of aptitude and ability to exercise authority. That would be the greatest feature of political leadership."

"If democracy is not destroyed before 1983." That conditional "if" and everything following it should evoke a reaction of surprise in us. But the fact is that neither the author of this column nor many other Venezuelans can be surprised at what is almost everyday comment; although, of course, it does not mean that there is valid evidence or sufficient indication of a threat to our 20-year old democracy.

The Doubts and the Reasons for Them

What those doubts about the stability of the Venezuelan democracy system may possibly reflect is the fact that never has a government aroused such widespread dissatisfaction

as there is now, nor have the country's leading democratic parties acted as they are now, upset by their internal disputes, and so unmindful of the nation and its vast problems.

The coinciding of those two circumstances combined with an economic situation that seems to disclose a flawed handling of the administrative instruments which wield an influence over it, has caused such bewilderment among many fellow countrymen, and so much skepticism, that it has made them fear for the stability of the system. Personal insecurity, resulting from the sharp rise in crime (although the police operations started to combat it appear to be bringing good results), has compounded this state of confusion and malaise that typifies the Venezuela of our time.

Coup as a Civil Problem

Later in his conversation with Ramon Hernandez, Anibal Romero explained: "The coup d'etat is not a military problem; it is civil. In Latin America, it has always been the result of the failure of the civilian elite leadership to manage a democratic system. Democracy is not defended with rhetoric or empty promises; it is defended with firmness. We always make the mistake of believing that democracy is softness, weakness and excessive tolerance." We have already heard these views expressed by other Venezuelans.

Nevertheless, we do not think that the blame can be placed on the civilian authorities entirely. Despite all that the latter leave to be desired, and the mistakes that they might make, we must not forget that there has been a traditional tendency among the Latin American military class, regarded by some as an offspring of the Spanish "pronunciamiento" [coup d'etat], that is so old and so new (as we have just observed), which prompts them to "strike" when they think that the "nation is in danger," based, of course, on the military's own judgment; and (it never fails) that of the civilian doctors who, as a result of "philosophy," or because they think that they discern special interests in danger, worship the glitter of a saber and invite its owners to brandish it in the air, and to cut the "constitutional thread" with it.

Professor Romero continued, acknowledging the fact that the Venezuelan Armed Forces (with which one assumes that he has some contact through his instructional position at the Naval War College) have made notable progress, and have become an organization of highly capable cadres with opinions and ideas regarding the nation's problems, and with a lofty nationalist consciousness and esteem for democracy. He concluded: "There is no desire in the Armed Forces to have coups."

This latter assertion is encouraging; but, on the other hand, if Professor Romero himself cites the hypothesis of a possible destruction of democracy before 1983, who other than the Armed Forces would bring about that destruction? The answer to this question may be contained, in part if you will, in Romero's view that the civilians, rather than the military, are to blame for a coup d'etat, owing to the inability of the former "to put the country in order and preclude a power vacuum," as Professor Romero stressed later on in the aforementioned interview.

Unnecessarily Pessimistic

We mentioned previously that the topic of the threat of a collapse of the system has at times arisen in current political discussions. The premises that are cited could undoubtedly be more or less accurate, but there is exaggeration in the conclusions. It is possible that all this is due to the fact that we are facing difficulties and situations with which we are not familiar, or that we think are not being handled with genuine effectiveness and firmness, and so we become unnecessarily pessimistic.

But, in any event, we must admit that, apart from the criticism that might be made of the public administration, and the dissatisfaction that some of its actions, or omissions, have caused among vast sectors of the republic, attention should also be called to the key parties in the system, for the spectacle that they have been offering, tending to weaken the confidence placed in them by the majority of Venezuelans; something that is virtually equivalent to destroying faith in our democracy. There is no greater goad for an attack against democracy than a people indifferent toward the fate of a system, resulting from the disenchantment caused by the conduct of the large political parties.

When Romulo Betancourt proposes a government of "national concentration," that would be made up of AD [Democratic Action] and COPEI, with the participation of the CTV [Confederation of Venezuelan Workers] and the private economic sector, it is because his intuition as an old, alert politician has told him that things are not going well at all, and that the unrest and dissatisfaction among the various social classes are a good breeding ground for antidemocratic ventures. The latter have no justification whatsoever, but since we are used to swimming happily in the calm, pleasant waters of easiness, as soon as there is a little storm and agitation, we think that we are inevitably going to sink to the bottom.

We have recently claimed that a government of concentration would not be necessary, and that it would suffice if there were a political understanding, embodied in a program of legislative and administrative action approved by the leading parties. However, before any agreement of this kind, the parties would have to put their own house in order; for otherwise they could hardly regulate and guide the country successfully.

Another matter that Professor Romero mentioned in his interview with RH was that of the military's participation in the public discussions, which he has already stressed in his column in DIARIO DE CARACAS. We intend to comment on it in forthcoming "Commentary" columns, owing to the importance attached to it.

2909
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NONALIGNED MOVEMENT PRAISED, GREATER PARTICIPATION URGED

Caracas EL DIARIO DE CARACAS in Spanish 23 Feb 81 p 7

[Article by Demetrio Boersner]

[Text] The meeting of foreign ministers of the Movement of Nonaligned Nations has apparently shown that, despite some internal controversies, this movement will remain united and will maintain its historic impact.

The Third World, conceived as a universal community of underdeveloped or developing peoples, has two main organizations which serve to coordinate and express its overall will. One of these organizations, essentially an economic organization, is called the Group of 77. This is the coordinating organ of all the underdeveloped countries in economic international conferences in which the issue of North-South relations is discussed. This group was created within the UNCTAD [United Nations Conference on Trade and Development] at a time (during the 1960's) when there were only 77 independent underdeveloped countries. Today the members of the Group of 77 number over 100.

The other large organization which represents the mutual interests of the underdeveloped world is the Movement of Nonaligned Nations, founded in 1961 on the basis of agreements between the anticolonialist Afro-Asian nations with the antihegemonist policies of Yugoslavia led by Marshal Tito. The rebels against the international order dominated by the industrial centers of the West joined in a single front with the rebels against the bureaucratic and dogmatic control of a great power over the socialist bloc.

The basic principles of the nonaligned movement, which are repeated and clarified at each of its conferences, are: the struggle for peace, disarmament, and the gradual disappearance of the division of the world into hostile blocs; anticolonialism and antineocolonialism; the fight against racism, and cooperation for the achievement of a new, more just international economic order. (In this

final aspect, the nonaligned movement accepts and repeats the proposals of the Group of 77).

The two blocs--the Western and the Soviet--have so far done their utmost to divide or to distort the nonaligned movement, but the movement has resisted victoriously. The dominant Western "establishment" is happy to discover and point out cracks in the Third World front, and it tries to deepen such divisions. The Soviet bloc, acting through the nonaligned countries which sympathize with it--primarily Cuba--exerts negative influences by trying to deflect the nonaligned movement from its policy of rejecting both blocs, and trying to move it toward a line of virtual alliance with Moscow.

Despite the polemics within the movement between pro-Soviets and "equidistant" advocates, everything indicates that there will be agreement on the points that really count: rejection of all warlike movements; defense of the principle of the creation of neutral zones or zones of peace; strong pressures in favor of the resumption of the North-South dialogue under the format of global negotiations between industrialized centers and developing nations. The ties of shared suffering and shared aspirations for development and liberation, which unite all the nations of the third world, are so strong that the areas of agreement are greater than the areas of disagreement.

It would be wise if Venezuela would intensify its participation in the nonaligned movement. We do not agree with the opinion of the Foreign Ministry that we should favor the Group of 77 over the MNA [Movement of Nonaligned Nations] as an organization for Third World unity. We believe that both organizations have equal importance and that a country with the relative importance of Venezuela should be very active in both organizations.

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BRIEFS

PRC DELEGATION VISITS--Maiquetia, 20 Feb--A delegation from the National People's Congress [NPC] of the PRC has arrived at the Simon Bolivar international airport in Maiquetia for a visit to Caracas and for meetings with government officials. This delegation is headed by A-p'ei A-wang-chin-mei, vice chairman of the Standing Committee of the NPC, chairman of the Commission on Nationalities of the NPC and chairman of the Standing Committee of the People's Congress of the Autonomous Region of Tibet. [Text] [Caracas EL UNIVERSAL in Spanish 21 Feb 81 Sec 2 p 13] 7679

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